

**AMENDED AND RESTATED  
INTERGOVERNMENTAL AGREEMENT**

**BY AND BETWEEN**

**MARICOPA COUNTY, ARIZONA,**  
a political subdivision of the State of Arizona

and

**MARICOPA COUNTY  
SPECIAL HEALTH CARE DISTRICT**  
a tax-levying public improvement district of the State of Arizona

**DATED AS OF NOVEMBER 1, 2004**

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**AMENDED AND RESTATED  
INTERGOVERNMENTAL AGREEMENT**

**DATE:** November 1, 2004

**PARTIES:** **MARICOPA COUNTY, ARIZONA**, a political subdivision of the State of Arizona (“**County**”); and

**MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT**, a tax-levying public improvement district of the State of Arizona (“**District**”).

**RECITALS:**

A. Arizona Revised Statutes § 11-952 authorizes public agencies to enter into intergovernmental agreements with other public agencies.

B. The County desires to transfer its Health System to the District, pursuant to the terms of this Agreement and pursuant to A.R.S. § 48-5501 *et seq.*

C. The District’s mission is to provide medical education programs, emergency and other services to the community including the medically underserved, and facilities and equipment necessary for such services.

D. The District desires to accept and acquire all or part of the County’s Health System, including certain of its assets, liabilities, duties and responsibilities.

E. The parties approved a form of this Agreement on October 6, 2004. The parties have elected not to execute and deliver such form and instead hereby approve this Amended and Restated Intergovernmental Agreement.

F. The purpose of this Amended and Restated Intergovernmental Agreement (“**Agreement**”) is to establish the terms of the transfer of all or part of the Health System from the County to the District.

THEREFORE, in consideration of the mutual agreements expressed herein, it is agreed as follows:

**SECTION 1. DEFINITIONS.**

1.1 Agreement means this Amended and Restated Intergovernmental Agreement by and between Maricopa County, Arizona, and the Maricopa County Special Health Care District.

1.2 AHCCCS means the Arizona Health Care Cost Containment System as authorized pursuant to A.R.S. § 36-2903, *et seq.*

1.3 AHCCCSA means Arizona Health Care Cost Containment System Administration.

1.4 AHCCCS Acute Plan means a contract between the County and AHCCCSA, Contract No YH04-0001-04 issued February 3, 2003, as amended and supplemented for the provision of hospitalization and medical care coverage to eligible persons who are enrolled in AHCCCS as defined in A.R.S. §§ 36-2901, 36-2981 and 36-2981.01.

1.5 ALTCS means the Arizona Long Term Care System.

1.6 ALTCS Plan means the health insurance plan between the AHCCCSA and the County providing long term care for the aged, blind or physically disabled who need ongoing services at a nursing facility level of care.

1.7 Alternative Dispute Resolution has the meaning set forth in Exhibit IGA-32.

1.8 Arbitration has the meaning set forth in Section 12.1 of this Agreement.

1.9 Assignment of Contracts has the meaning set forth in Section 4.1 of this Agreement.

1.10 Assignment of Licenses, Permits and Registrations has the meaning set forth in Section 4.2 of this Agreement.

1.11 Assignment of Warranties has the meaning set forth in Section 4.3 of this Agreement.

1.12 Assignment of Lease has the meaning set forth in Section 3.2.3 of this Agreement.

1.13 Assignment and Assumption of Lease has the meaning set forth in Section 3.4.1 of this Agreement.

1.14 Assumed Liabilities has the meaning set forth in Section 5.1 of this Agreement.

1.15 Audited Balance Sheet has the meaning set forth in Section 3.8.2 of this Agreement.

1.16 Avondale and Glendale WIC Subleases has the meaning set forth in Section 3.2.4 of this Agreement.

1.17 Avondale Debt has the meaning set forth in Section 3.3.1 of this Agreement.

1.18 Bill of Sale has the meaning set forth in Section 3.5.1 of this Agreement.

1.19 Board means the directors of the District who have been elected pursuant to A.R.S. § 48-5541.01(B).

1.20 Business Days mean all days of the year except Saturday, Sunday and State of Arizona or federal legal holidays.



1.21 CMS means Center for Medicare and Medicaid Services, a Federal agency of the Department of Health and Human Services that administers, among other programs, the Medicare program, the Medicaid program and the Child Health insurance program.

1.22 Comprehensive Health Care Center has the meaning set forth in Section 3.3.1 of this Agreement.

1.23 County means Maricopa County, Arizona, a political subdivision of the State of Arizona.

1.24 County CHC Debt has the meaning set forth in Section 3.3.1 of this Agreement.

1.25 County Counsel has the meaning set forth in Section 13.10 of this Agreement.

1.26 County DSH Reimbursement Amount has the meaning set forth in Section 3.10.1 of this Agreement.

1.27 County Event of Default has the meaning set forth in Section 12.3 of this Agreement.

1.28 County Proceeding has the meaning set forth in Section 12.3.2.4 of this Agreement.

1.29 County Writ has the meaning set forth in Section 12.3.2.4 of this Agreement.

1.30 CPI Index means the “All Items” portion of the All Urban Consumers Index published by the U.S. Bureau for Labor Statistics for Metropolitan Phoenix.

1.31 Deeds of Trust has the meaning set forth in Section 3.2.2.1 of this Agreement.

1.32 Deferred Desert Vista Rental Payments has the meaning set forth in Section 3.3.1 of this Agreement.

1.33 Delivery System has the meaning set forth in Section 2.1 of this Agreement.

1.34 Desert Vista Debt has the meaning set forth in Section 3.3.1 of this Agreement.

1.35 Desert Vista Hospital means the behavioral health specialty hospital, including the real property and related improvements, owned by Maricopa County and located at 570 West Brown Street, Mesa, Arizona.

1.36 Disproportionate Share Program means the Federal program that reimburses hospitals that serve a disproportionate number of Medicaid or low-income patients and any expansion or substitute or other program that involves Special Payments.

1.37 District means the Maricopa County Special Health Care District, a tax-levying public improvement district of the State of Arizona.

- 1.38 District Event of Default has the meaning set forth in Section 12.2 of this Agreement.
- 1.39 District Proceeding has the meaning set forth in Section 12.2.2.4 of this Agreement.
- 1.40 District Writ has the meaning set forth in Section 12.2.2.4 of this Agreement.
- 1.41 DSH Deficiency has the meaning set forth in Section 3.10.1 of this Agreement.
- 1.42 DSH Protective Legislation has the meaning set forth in Section 3.10.1 of this Agreement.
- 1.43 DSH Triggering Event has the meaning set forth in Section 3.10.4 of this Agreement.
- 1.44 Encumbered Facility Sublease Purchase Agreement has the meaning set forth in Section 3.3.1 of this Agreement.
- 1.45 Encumbered Real Property has the meaning set forth in Section 2.1.1.7 of this Agreement.
- 1.46 Failed County Rep and Warranty has the meaning set forth in Section 3.2.2.1 of this Agreement.
- 1.47 FHCs means the Family Health Centers as described on Exhibit IGA 9.
- 1.48 Fund Transfer IGA has the meaning set forth in Section 3.10.3 of this Agreement.
- 1.49 GAAP means the U.S. generally accepted audit and accounting principles.
- 1.50 Health Plans means the Maricopa County ALTCS Plan and the AHCCCS Acute Plans.
- 1.51 Health System means the health care institutions as operated by the County on the Transfer Date, commonly known as Maricopa Integrated Health System and all related real and personal property, including, without limitation, hospital facilities, clinics, rehabilitation centers, therapy facilities, outpatient clinics, nursing homes, blood banks, ambulance facilities, extended care facilities, dispensaries, pharmacies, parking facilities, laundry facilities, dormitories, offices and administration buildings, cafeterias and food service facilities, research, laboratory and diagnostic facilities, libraries, information systems and data bases, ambulances, stretcher vans and other medical transportation equipment, education facilities, school-based clinics, equipment, tools, machinery, accounts receivable and other intangible assets, medical staff and house staff, health maintenance organizations, health care services organizations and health insurance plans, graduate medical and other health care professional educational programs, in each case maintained, owned or operated for the payment and delivery of medical services, nursing services, home health services, home delivery services, emergency medical services, behavioral health services, long-term care services, health-related services and health screening

services, adult day health services, adult foster care services, hospice services, personal care services, respite care services, supervisory care services and medical equipment services.

- 1.52 IGA Execution Date means November 1, 2004.
- 1.53 Indemnitee has the meaning set forth in Section 10.3 of this Agreement.
- 1.54 Indemnitor has the meaning set forth in Section 10.3 of this Agreement.
- 1.55 Initial FY 2004-05 Budget has the meaning set forth in Section 6.2.1 of this Agreement.
- 1.56 JCAHO means Joint Commission on Accreditation of Healthcare Organizations, an oversight body for health care organizations and managed care.
- 1.57 JLBC means the Joint Legislative Budget Committee.
- 1.58 Leaseback Termination Date has the meaning set forth in Section 2.1.1 of this Agreement.
- 1.59 Leased Property Promissory Note has the meaning set forth in Section 3.3.1.1 of this Agreement.
- 1.60 Leased Property Security Agreement has the meaning set forth in Section 3.3.1.1 of this Agreement.
- 1.61 Maricopa Integrated Health System means the Health System described in Section 1.51 of this Agreement.
- 1.62 Mediation Commencement Date has the meaning set forth in Section 12.1 of this Agreement.
- 1.63 Medical Center has the meaning set forth in Section 3.2.1 of this Agreement.
- 1.64 Medical Center Lease has the meaning set forth in Section 3.2.1 of this Agreement.
- 1.65 Medical Record means medical records as defined by A.R.S. § 12-2291(4), as amended.
- 1.66 Medical Center Security Agreement has the meaning set forth in Section 3.2.1.2 of this Agreement.
- 1.67 MedPro means Medical Professional Associates of Arizona, a group of medical professionals providing comprehensive medical care in Maricopa County.
- 1.68 MedPro Contract has the meaning set forth in Section 2.1.1.4 of this Agreement.
- 1.69 Permitted Litigation has the meaning set forth in Section 12.7 of this Agreement.

1.70 Personal Property Security Agreement has the meaning set forth in Section 3.5.2 of this Agreement.

1.71 Personal Property Promissory Note has the meaning set forth in Section 3.5.2 of this Agreement.

1.72 Real Property Promissory Note has the meaning set forth in Section 3.2.2.1 of this Agreement.

1.73 Related Agreements means this Agreement, the Medical Center Lease and the Encumbered Facility Sublease Purchase Agreements.

1.74 Retained Liabilities has the meaning set forth in Section 5.2 of this Agreement.

1.75 Revenue Leases has the meaning set forth in Section 3.2.3 of this Agreement.

1.76 Special Payments has the meaning set forth in Section 3.10.1 of this Agreement.

1.77 State means the State of Arizona.

1.78 State Treasurer means the Treasurer of the State of Arizona.

1.79 Transfer Date means November 1, 2004.

1.80 Transferred Funds has the meaning set forth in Section 3.10.1 of this Agreement.

1.81 Transferred Real Property has the meaning set forth in Section 11.2.8.1 of this Agreement.

1.82 Treasurer means the Maricopa County Treasurer.

1.83 Uniform Arbitration Act has the meaning described in A.R.S. § 12-1501 *et seq.*

1.84 Working Capital Line of Credit has the meaning set forth in Section 6.2.2 of this Agreement.

## SECTION 2. CONDITIONS PRECEDENT TO TRANSFER.

2.1 Two-Phase Transfer. The transfer contemplated by this Agreement shall be accomplished in two phases. All assets and certain liabilities of the Health System (as operated by the County on the Transfer Date, other than the Health Plans) shall be transferred in the first phase, and one or more of the Health Plans will be transferred in the second phase pursuant to Section 2.1.2. The assets and liabilities transferred in the first phase are referred to herein as the **“Delivery System.”** The transfer of the Delivery System shall not become effective and shall not be implemented unless and until the conditions specified in Section 2.1.1 below are satisfied or waived. The transfer of either or both of the Health Plans shall not become effective and shall not be implemented unless and until the conditions specified in Section 2.1.2 below are satisfied or waived.

2.1.1 Transfer of Delivery System. The parties acknowledge that the Delivery System shall be transferred to the District on the Transfer Date even though not all of the conditions set forth below in this Section 2.1.1 have been satisfied. The County shall satisfy the conditions set forth below prior to January 1, 2005 (the “**Leaseback Termination Date**”). During the period after the Transfer Date and ending on the Leaseback Termination Date, the County will lease from the District all assets of the Delivery System and shall retain all operational authority with respect to the Delivery System. If the County determines that any condition set forth below cannot be satisfied prior to the Leaseback Termination Date, the County shall notify the persons elected to the District Board of such determination so that the County and the District can jointly work to satisfy any such conditions.

2.1.1.1 Third-Party Approvals. All required third-party consents and approvals required to transfer title to the District and for the District to operate the Delivery System shall have been obtained as set forth more fully on Exhibit IGA-1 attached hereto.

2.1.1.2 Appraisal. The County and the District shall have received a fair market value appraisal of the Delivery System issued by American Appraisal Associations, Inc., dated September 23, 2004.

2.1.1.3 Licensure. The District shall have received from the appropriate licensing or permitting agencies assurances that there is no impediment to the issuance or transfer of licenses and permits to the District of those licenses and permits required to operate the Delivery System, all as described on Exhibit IGA-1 attached hereto.

2.1.1.4 MedPro. The County, the District and MedPro (“**MedPro**”) shall have executed and delivered an assignment and assumption agreement assigning to the District the contract by and between the County and MedPro, County Contract # C90-02-059-1, dated as of November 1, 2001, as amended (“**MedPro Contract**”).

2.1.1.5 Tenant Leases. The County shall have obtained the consent of the lessor to the assignment and assumption of the lease set forth in Exhibit IGA-2 attached hereto.

2.1.1.6 Leased Personal Property. The County shall have obtained lessors’ consents to the assignment and assumption of leases and/or subleases as set forth in Exhibit IGA-3 attached hereto.

2.1.1.7 Encumbered Real Property. The County shall have obtained the consent of lenders to lease or sublease the encumbered real property (“**Encumbered Real Property**”) set forth in Exhibit IGA-4 hereto.

2.1.1.8 Environmental Assessment. The County shall have obtained Phase I and Phase II (as appropriate) Environmental Site Assessments (other than asbestos abatement) on all of the real property owned by the County that is being transferred hereunder. One-half (½) of the costs of such assessments shall be reimbursed by the District to the County no later than November 1, 2005.

2.1.1.9 State Retirement System. The County shall provide written documentation evidencing the County’s application to the Arizona State Retirement System

concerning the rights and retention of benefits of certain County employees who will become employees of the District pursuant to that certain Employment Intergovernmental Agreement between the District and the County dated February 2, 2004, as may be amended.

2.1.2 Transfer of Health Plans. When the conditions set forth in this Section 2.1.2 are satisfied, either or both of the Health Plans shall be transferred to the District. Until both Health Plans are transferred to the District or (if either or both of the Health Plans are not transferred to the District) until the expiration of all retained Health Plans, the County shall purchase credentialing services from the District and the District shall provide such credentialing services pursuant to Section 8 of this Agreement. The County may terminate its obligation to purchase such credentialing services and the District may terminate its obligation to provide such credentialing services by giving the other party one hundred twenty (120) days' written notice.

2.1.2.1 AHCCCS Acute Plan. If and when the conditions set forth in this Section 2.1.2.1 are satisfied, the assets and liabilities of the AHCCCS Acute Plan shall be transferred to the District. District and County representatives shall meet periodically to determine if the conditions set forth in this Section 2.1.2.1 have been satisfied. The first such meeting shall occur no later than February 28, 2005 and shall occur every three (3) months thereafter.

2.1.2.1.1 Approval. AHCCCS shall have approved the transfer of the AHCCCS Acute Plan to the District, and AHCCCS, the County and the District shall have executed and delivered a contract assigning the AHCCCS Acute Plan to the District. As a condition to such approval, unless waived by AHCCCSA, the District shall have obtained a performance bond in accordance with Section D, Paragraph 47 of the AHCCCS Acute Plan and shall have funded the equity-per-member requirements set forth in Section D, Paragraph 50 of the AHCCCS Acute Plan.

2.1.2.1.2 Appraisal. The County shall have obtained an appraisal of the AHCCCS Acute Plan by a professional qualified to render opinions on values of public health plans.

2.1.2.1.3 Licensure. The District shall have received from the appropriate licensing or permitting agencies assurances that there is no impediment to the issuance or transfer of licenses and permits to the District of those licenses and permits required to operate the AHCCCS Acute Plan, all as described on Exhibit IGA-5, which shall be prepared prior to the transfer of the AHCCCS Acute Plan and attached to this Agreement at that time.

2.1.2.1.4 Assets and Liabilities. The County and the District shall have agreed upon the assets and liabilities to be transferred to the District in connection with the AHCCCS Acute Plan.

2.1.2.1.5 Fund Transfer IGA. If the Disproportionate Share Program is in existence, and if Special Payments continue to be paid to the District, the Fund Transfer IGA shall be in force and effective.

2.1.2.1.6 District Consent. When the parties agree that the conditions set forth in Section 2.1.2.1.1 through and including 2.1.2.1.5 have been satisfied, the

District shall have the right to consent to the transfer of the AHCCCS Acute Plan. If the District consents to the transfer of the AHCCCS Acute Plan, the County, the District and AHCCCS shall promptly execute and deliver such documents of transfer necessary to transfer the AHCCCS Acute Plan to the District. If the District does not consent to the transfer of the AHCCCS Acute Plan to the District, the County may thereafter take whatever action it deems appropriate regarding the AHCCCS Acute Plan, and the County shall thereafter have no obligation to transfer the AHCCCS Acute Plan to the District.

2.1.2.2 ALTCS Plan. If and when the conditions set forth in this Section 2.1.2.2 are satisfied, and if the parties mutually agree, the assets and liabilities of the ALTCS Plan shall be transferred to the District. District and County representatives shall meet periodically to determine if the conditions set forth in this Section 2.1.2.2 have been satisfied. The first such meeting shall occur no later than February 28, 2005 and shall occur every three (3) months thereafter.

2.1.2.2.1 Approval. AHCCCSA shall have approved the transfer of the ALTCS Plan to the District, and AHCCCSA, the County and the District shall have executed and delivered a contract assigning the ALTCS Plan to the District. Unless waived by AHCCCSA, the District shall have obtained a performance bond in accordance with the letter of the AHCCCS Director, dated May 6, 2004.

2.1.2.2.2 Appraisal. The County shall have obtained an appraisal of the ALTCS Plan by a professional qualified to render opinions on values of public health plans.

2.1.2.2.3 Licensure. The District shall have received from AHCCCSA assurance that there is no impediment to the issuance or transfer of licenses and permits to the District of those licenses and permits required to operate the ALTCS Plan, all as described on Exhibit IGA-5, which shall be prepared prior to the transfer of the ALTCS Plan and attached to this Agreement at that time.

2.1.2.2.4 Assets and Liabilities. The County and the District shall have agreed upon the assets and liabilities to be transferred to the District in connection with the ALTCS Plan.

2.1.2.2.5 Fund Transfer IGA. If the Disproportionate Share Program is in existence, and if Special Payments continue to be paid to the District, the Fund Transfer IGA shall be in force and effective.

2.1.2.2.6 Mutual Agreement. The County and the District shall have otherwise agreed to transfer the ALTCS Plan, pursuant to documents which may include an audit and actuarial review.

2.1.2.2.7 Documents of Transfer. The County, the District and AHCCCS shall have executed and delivered such documents of transfer necessary to transfer the ALTCS Plan to the District.

2.1.3 Health Plan Transition. Following the Transfer Date and during such time that the County retains ownership of either Health Plan, to limit potential disruption of benefits to members of the Health Plans, the parties agree to the following Health Plan transition measures.

2.1.3.1 MedPro. In connection with the County's assignment of the MedPro Contract to the District pursuant to Section 2.1.1.4 of this Agreement, the County shall retain third party beneficiary rights to enforce those provisions of the MedPro Contract related to the provision of services to Health Plan members, which rights may be memorialized in an assignment agreement with MedPro.

2.1.3.2 Provider Network. The County will continue to include the Delivery System and the MedPro physicians providing services to Health Plan members as part of the County's Health Plan network, but the parties agree that neither the County nor the District shall be obligated to make any patient referrals to the other.

### SECTION 3. CONVEYANCE OF REAL AND PERSONAL PROPERTY.

3.1 Real Property Records . The County has ordered and shall provide the District current title reports and appraisals of all real property and interests in real property being transferred.

#### 3.2 Unencumbered Real Property.

3.2.1 Maricopa Medical Center. The County shall lease at fair market value to the District the hospital and County-owned facilities located generally at 2601 East Roosevelt Street, Phoenix, Arizona, commonly known as Maricopa Medical Center Campus ("**Medical Center**"), subject to existing Revenue Leases set forth in Exhibit IGA-6 hereto upon the terms and conditions of a lease ("**Medical Center Lease**") attached hereto as Exhibit IGA-7. The parties will execute and deliver the Medical Center Lease on the Transfer Date. Rent payments will be deferred, pending a DSH Triggering Event pursuant to the terms of the Medical Center Lease.

3.2.1.1 The District shall comply with the state-imposed deed restriction on the Medical Center property as set forth more fully in the Medical Center Lease.

3.2.1.2 On the Transfer Date, the District and the County shall execute and deliver the security agreement ("**Medical Center Security Agreement**"), attached hereto as Exhibit IGA-8.

3.2.2 Family Health Centers . The County shall convey to the District the Family Health Centers, including the real property and improvements thereon as set forth on Exhibit IGA-9 (collectively, the "**FHCs**") attached hereto by Quit Claim Deeds generally in the form of Exhibit IGA-10. Such Quit Claim Deeds shall be executed by the County on the Transfer Date and delivered to the District on the Transfer Date.

3.2.2.1 On the Transfer Date, the District and the County shall execute and deliver the form of Deed of Trust and Assignment of Rents (the "**Deeds of Trust**") and the form



of Promissory Note (“**Real Property Promissory Note**”), attached hereto as Exhibit IGA-11 and Exhibit IGA-12, respectively for each FHC. The indebtedness represented by the respective Deeds of Trust and the Real Property Promissory Notes shall be the fair market value of each FHC as of the Transfer Date; provided, however, that if at the time of a DSH Triggering Event any representation or warranty of the County pursuant to Section 11.2 of this Agreement has been or is inaccurate or untrue in any way (“**Failed County Rep and Warranty**”) that diminishes the value of any FHC, then for the purposes of determining the deferred amounts owed the County in the event of a DSH Triggering Event pursuant to Section 3.10.5.2 of this Agreement, the District shall be given a credit equal to the amount that the value of such FHC has been diminished as a result of the Failed County Rep and Warranty. In the event of a DSH Triggering Event, the County may (in the exercise of its sole discretion) exercise such rights as the County deems appropriate under the Deeds of Trust.

3.2.3 Revenue Leases. For each of the revenue leases described in Exhibit IGA-6 (“**Revenue Leases**”) attached hereto, on the Transfer Date the District and the County shall execute and deliver the Assignment of Lease (collectively, “**Assignments of Leases**”), attached hereto as Exhibit IGA-13.

3.2.4 WIC Subleases. On the Transfer Date, the District and the County shall execute and deliver the WIC subleases in connection with the Avondale FHC and the Glendale FHC, attached hereto as Exhibit IGA-14 (the “**Avondale and Glendale WIC Subleases**”).

### 3.3 Encumbered Real Property.

3.3.1 The Encumbered Real Property as set forth on Exhibit IGA-4, consists of three properties: the Avondale Family Health Center (“**Avondale FHC**”), the Desert Vista Hospital and the Comprehensive Health Care Center located on the Medical Center Campus, the (“**Comprehensive Health Care Center**”). The County will lease the Avondale FHC and the Desert Vista Hospital to the District at the fair market rental value of the real property and improvements thereon, determined as of the Transfer Date, and the County will lease the Comprehensive Health Care Center to the District pursuant to the Medical Center Lease. On the Transfer Date, the District and the County shall execute and deliver the form of “**Encumbered Facility Sublease Purchase Agreement**” for the Avondale FHC and the Desert Vista Hospital, attached hereto as Exhibit IGA-15. Rent payments (in excess of such amounts as may be necessary to pay debt service on the Desert Vista Hospital facility) will be deferred (“**Deferred Desert Vista Rental Payments**”) pending a DSH Triggering Event pursuant to the terms of the Encumbered Facility Sublease Purchase Agreement for the Desert Vista Hospital. Rent payments for the Comprehensive Health Care Center will be made pursuant to the Medical Center Lease. Following the County’s receipt of any rent payments made pursuant to the Avondale FHC and the Desert Vista Hospital Encumbered Facility Lease Purchase Agreement attributable to the County’s debt service as of the Transfer Date on the Avondale FHC (“**Avondale Debt**”) and on Desert Vista Hospital (“**Desert Vista Debt**”), and following the receipt of any rent payments made pursuant to the Medical Center Lease attributable to the County’s debt service on the Comprehensive Health Center as of the Transfer Date (“**County CHC Debt**”), the County shall promptly pay such amounts to satisfy the Avondale Debt, the Desert Vista Debt and the County CHC Debt. The County shall not increase the Avondale Debt, the Desert Vista Debt or the County CHC Debt after the IGA Execution Date. Upon the

satisfaction of the Desert Vista Debt, the Desert Vista Hospital shall be conveyed to the District pursuant to the Encumbered Facility Sublease Purchase Agreement for the Desert Vista Hospital. Upon satisfaction of the Avondale Debt, the Avondale FHC shall be conveyed to the District pursuant to the Encumbered Facility Sublease Purchase Agreement for the Avondale FHC. Upon the satisfaction of the County CHC Debt, the District shall have no obligation to make any rent payments to the County under the Medical Center Lease unless a DSH Triggering Event has occurred, as set forth with more particularity in the Medical Center Lease.

3.3.1.1 On the Transfer Date, the District and the County shall agree upon a form of security agreement and a form of deed of trust and a form of security agreement (collectively, the “**Leased Property Security Agreement and Deed of Trust**”) and a form of promissory note (“**Leased Property Promissory Note**”) for the Desert Vista Hospital Encumbered Facility Sublease Purchase Agreement, attached hereto as Exhibit IGA-16 and Exhibit IGA-17, respectively. In the event of a DSH Triggering Event, the County may (in the exercise of its sole discretion) exercise such rights as the County deems appropriate under the Leased Property Security Agreement.

3.3.1.2 The Leased Property Deed of Trust, Leased Property Security Agreement and Deed of Trust and Leased Property Promissory Note shall become effective at such time as the District exercises its option to purchase the Encumbered Real Property pursuant to the Encumbered Property Facility Sublease Purchase Agreement.

#### 3.4 Unencumbered Leased Real Property.

3.4.1 Tenant Leases. On the Transfer Date, the County shall convey to the District the County’s interests as lessee in the lease set forth in Exhibit IGA-2 attached hereto pursuant to a form of an Assignment and Assumption of Lease (“**Assignment and Assumption of Lease**”) attached hereto as Exhibit IGA-18. The Assignment and Assumption of Lease shall be executed and delivered to the District on the Transfer Date.

#### 3.5 Owned Personal Property.

3.5.1 The County shall convey to the District certain unencumbered personal property, including but not limited to vehicles, furniture, fixtures, equipment, supplies, accounts, records and inventory (including pharmaceuticals) owned by the County in connection with its current operation of the Delivery System by Bill of Sale (“**Bill of Sale**”) generally in the form of Exhibit IGA-19 attached hereto, which shall be executed by the County and delivered to the District on the Leaseback Termination Date.

3.5.2 On the Transfer Date, the District and the County shall execute and deliver the “**Personal Property Security Agreement**” and the “**Personal Property Promissory Note**” attached hereto as Exhibit IGA-20 and Exhibit IGA-21, respectively. The promissory note shall be in an amount equal to the net book value of the useable personal property as of the Transfer Date. In the event of a DSH Triggering Event, the County may (in the exercise of its sole discretion) exercise such rights as the County deems appropriate under the Personal Property Security Agreement.

3.6 Leased Personal Property. The County shall lease, sublease or assign to the District its interests as lessee under leases and/or lease purchase agreements pertaining to certain leased personal property, as set forth on Exhibit IGA-3 pursuant to the “**Personal Property Subleases**” attached hereto as Exhibit IGA-22. The Personal Property Sublease shall be executed and delivered to the District on the Transfer Date.

3.7 Other Personal Property and Intangible Assets. The County shall convey to the District all other personal property and all intangible assets associated with its Delivery System, including but not limited to goodwill, receivables, cash, bank accounts, trust accounts, utility deposits, security deposits, prepaid expenses, prepaid insurance, administrative, patient and employee records. The County shall provide statements of current balances being transferred effective as of the Leaseback Termination Date.

3.8 Financial Statements.

3.8.1 Unaudited Balance Sheet. The County shall provide to the District unaudited balance sheet and financial statements of current balances for October 2004 by December 1, 2004.

3.8.2 Audited Balance Sheet. The District and the County shall jointly retain an independent auditor reasonably acceptable to the District and the County. The independent auditor shall prepare an audited balance sheet of the Delivery System as of the Leaseback Termination Date. The audited balance sheet shall be prepared in accordance with the U.S. generally accepted audit and accounting principles (“**GAAP**”). The adjusted balance sheet shall be referred to herein as the “**Audited Balance Sheet.**”

3.9 Documents of Transfer. The County and District shall execute and deliver, and the County shall record in the official records of Maricopa County and/or file with the office of the Arizona Secretary of State, if applicable, any additional documents and records deemed appropriate or necessary to transfer, convey, assign and/or notice the transfer of real and personal property and interests therein, including but not limited to a Memoranda of Lease and UCC-1 financing statements and other documents of title.

3.10 Disproportionate Share Program Protection.

3.10.1 Acknowledgement. The County and the District acknowledge that A.R.S. § 48-5561.01 (“**DSH Protective Legislation**”), enacted as of the effective date of this Agreement, requires the Maricopa County Treasurer (“**Treasurer**”) to withdraw funds of the District deposited with the Treasurer in an amount equal to certain payments (“**Special Payments**”) paid to the District pursuant to A.R.S. § 36-2903.01, as amended. The DSH Protective Legislation requires the Treasurer to transfer a portion of such funds (the “**Transferred Funds**”) to the County. The amount of the Transferred Funds shall be determined by the Joint Legislative Budget Committee (“**JLBC**”), based on the amount of the Special Payments. The amount determined by the JLBC shall be referred to herein as the “**County DSH Reimbursement Amount.**” The difference between the amount of any Transferred Funds actually transferred to the County and the amount actually withheld from the County by the State shall be referred to herein as the “**DSH Deficiency**”.

3.10.2 Notice. Pursuant to the DSH Protective Legislation, if at any time the Treasurer is not able to or otherwise fails to withdraw funds from the District and deposit such funds to the account of the County, pursuant to the Fund Transfer IGA (defined below), the Treasurer must notify the Arizona State Treasurer (“**State Treasurer**”) so that the State Treasurer will thereafter cease withholding revenues of the County in connection with the distribution of Special Payments to the District.

3.10.3 Fund Transfer IGA. On the Transfer Date, the County and the District shall execute and deliver the Transfer of Funds Agreement (“**Fund Transfer IGA**”), attached hereto as Exhibit IGA-23. The Fund Transfer IGA shall establish the process by which the Transferred Funds are withdrawn by the Treasurer from the account of the District and deposited by the Treasurer to the account of the County.

3.10.4 DSH Triggering Event. A “**DSH Triggering Event**” shall occur in any fiscal year of the District if: (i) the District has received Special Payments; (ii) all or part of the Transferred Funds are not deposited to the County General Fund pursuant to the Fund Transfer IGA; (iii) the State Treasurer withholds revenues from the County greater than the amount of the Transferred Funds; and (iv) the DSH Deficiency is not otherwise satisfied.

3.10.5 Remedies. Upon the occurrence of a DSH Triggering Event, the County shall have the following rights and remedies (cumulatively or individually) to satisfy the DSH Deficiency, but not to exceed the amount of the DSH Deficiency. In no event shall any amount be paid to the County greater than the DSH Deficiency.

3.10.5.1 Under the Medical Center Lease, all accrued and deferred lease payments and the present value of all future lease payments shall be due and payable. When determining the present value of such future lease payments: (i) the discount rate shall be based on the average rate of return available to the County in the County Treasurer’s Investment Pool during the twelve (12) calendar month period immediately prior to the occurrence of a DSH Triggering Event; and (ii) the fair market rental value of the Medical Center Lease payments shall be reduced to reflect any diminution of value of the Medical Center as a result of a Failed County Rep and Warranty.

3.10.5.2 Under deeds of trust securing promissory notes made in connection with the sale of all other unencumbered real property conveyed to the District, the deferred amounts due under the promissory notes shall be due and payable.

3.10.5.3 Under security agreements and promissory notes made in connection with the sale of all unencumbered personal property conveyed to the District, the deferred amounts due under the promissory notes shall be due and payable.

3.10.5.4 For encumbered real property, all such property will be leased with two rental components pursuant to Section 3.3.1 of this Agreement: Deferred Desert Vista Rental Payments and debt service payments attributable to debt on the Avondale FHC and the Desert Vista Hospital. Under the Encumbered Facility Sublease Purchase Agreement for the Desert Vista Hospital, all accrued and deferred lease payments and the present value of all future lease payments shall be due and payable. When determining the present value of such future

lease payments: (i) the discount rate shall be based on the average rate of return available to the County in the County Treasurer's Investment Pool during the twelve (12) calendar month period immediately prior to the occurrence of a DSH Triggering Event; (ii) the value of future rent payments shall be calculated by increasing each previous year's rent payment by the average of the CPI Index for the five (5) consecutive calendar years, prior to the date that the present value computation is determined; and (iii) the fair market value rental payments for either the Avondale FHC or the Desert Vista Hospital (as applicable) shall be reduced to reflect any diminution of value of either the Avondale FHC or the Desert Vista Hospital (as applicable) as a result of a Failed County Rep and Warranty.

3.10.5.5 If the AHCCCS Acute Health Plan has not been transferred to the District, for services provided by the District to the AHCCCS Acute Plan, the amounts payable to the District shall be paid to the Treasurer as an agent of the District. Pursuant to the Fund Transfer IGA, upon a DSH Triggering Event, the Treasurer (under the authority of an irrevocable instruction from the District) shall set-off amounts owed the County to compensate the County for any DSH Deficiency against District funds held by the Treasurer as agent for the District in connection with the AHCCCS Acute Plan.

3.10.5.6 For services provided by the District to the County other than the services described in Section 3.10.5.5 of this Agreement, the County may set-off amounts owed the County to compensate for any DSH Deficiency against amounts owed the District for such services.

3.10.5.7 The District will provide the County any and all reasonable protections available to a secured creditor to secure the payments due under this Agreement. For example, the District will give the County a security interest in funds (including Transferred Funds, to the extent permitted by law) deposited with the Treasurer.

#### SECTION 4. TRANSFER OF RIGHTS AND CORRESPONDING OBLIGATIONS.

4.1 Assignment of Contracts. The County shall assign to the District and the District shall assume all of the County's rights and obligations under all contracts related to the operation, maintenance, management and administration of the Delivery System by Assignment of Contracts ("**Assignment of Contracts**") in the form of Exhibit IGA-24, which shall be executed and delivered to the District on the Leaseback Termination Date.

4.2 Licenses, Permits and Registrations. The County shall assign to the District all licenses, permits, registrations and other documents issued or granted to the County in connection with the operation, maintenance, management and administration of the Delivery System by Assignment of Licenses, Permits and Registrations ("**Assignment of Licenses, Permits and Registrations**") in the form of Exhibit IGA-25, which shall be executed and delivered to the District on the Leaseback Termination Date.

4.3 Warranties. The County shall assign and transfer to the District all third-party warranties from and liabilities of any vendor, distributor, manufacturer, architect, engineer, consultant or any other third party, arising from, related to or connected with the design, condition, fitness, use or operation of the Delivery System by Assignment of Warranties

(“**Assignment of Warranties**”) in the form of Exhibit IGA-26, which shall be executed and delivered to the District on the Transfer Date; provided, however, that the County may retain an interest in such warranties or liabilities to the extent necessary to enforce or prosecute such warranties or liabilities in the name of the County for claims arising prior to the Leaseback Termination Date. The County agrees, as may be reasonably requested by the District, to execute such reasonable documents and to take such reasonable actions, or refrain from taking such actions, which expense for any such action or inaction by the County shall be borne by the District, as may be necessary or appropriate to enforce or prosecute such warranties and liabilities. Should any such warranties or liabilities not be assignable, the County will, at the sole cost and expense of the District and to the extent requested by the District, prosecute in the name of the County, but for the benefit of the District, any such warranty or liability.

4.4 Insurance. On and after the Leaseback Termination Date, the District shall be insured pursuant to the District-County Self Insurance Trust IGA attached hereto as Exhibit IGA-27 (the “**Insurance IGA**”). If and when the Insurance IGA terminates, the District shall obtain insurance that satisfies the requirements set forth below in this Section 4.4.

4.4.1 Policies. The District shall obtain at its own cost and expense, and keep in full force and effect during the term of this Agreement and for any other periods that the District may use, occupy, or maintain all or any part of the Delivery System, the types and amounts of insurance coverage described on Exhibit IGA-28, attached hereto.

4.4.2 Named and Additional Insureds. Under each of the insurance policies required by this Section 4.4, the District shall be the named insured and the County shall be an additional insured, as their interests may appear.

4.4.3 General Provisions.

4.4.3.1 Endorsements. Each of the insurance policies required by this Section 4.4 shall stipulate that the insurance afforded by such insurance policies shall be primary insurance and that any other insurance, self-insured retention, deductibles, or risk retention trusts maintained or participated in by the District, the County or their agents, officials or employees shall be excess and not contributory to such insurance.

4.4.3.2 Waiver. The District shall cause insurers providing the insurance policies required by this Section 4.4 to waive all rights of recovery against the District, the County, and their respective agents, officials and employees. The District waives all rights of recovery against the County for any losses or damages covered by insurance proceeds received by the District, unless the District’s failure to receive such proceeds arises out of an act or omission of the District, in which case, the District waives all such rights of recovery notwithstanding the failure to receive insurance proceeds. The County waives all rights against the District for any loss or damage covered by insurance proceeds received by the County, unless the County’s failure to receive such proceeds arises out of an act or omission of the County, in which case, the County waives all such rights of recovery notwithstanding the failure to receive insurance proceeds.

4.4.3.3 No Limit on Obligations. Any insurance required under this Agreement shall in no way limit the District's obligations under this Agreement, and shall not be construed to relieve the District from liability with respect to any deductible and/or self retention provisions which may be contained in the insurance policies required under this Section 4.4 and which may be applicable to any claim or loss for which insurance coverage is provided, nor from any other liability in excess of such insurance coverage.

4.4.3.4 Delivery of Documents. At least thirty (30) days before the termination of the Insurance IGA, the District shall deliver for review and approval by the County the form of insurance policies to be furnished pursuant to Section 4.4 of this Agreement. Upon the termination of the Insurance IGA, the District shall deliver fully executed originals of the insurance policies furnished pursuant to this Section 4.4 (or certificates of insurance) in a form reasonably acceptable to the County. Thereafter, the District shall deliver to the County not less than thirty (30) days prior to the expiration dates of the insurance policies furnished pursuant to this Section 4.4, originals of the insurance policies (or certificates of insurance) in a form reasonably acceptable to the County, unless a period of time shorter than thirty (30) days is necessary due to the inability of the District to place such insurance after making diligent efforts to do so. In such case, the District shall deliver the required documents under this section to the County upon receipt, but no later than twenty-four (24) hours prior to the expiration dates of the then current insurance policies. Upon the delivery of such fully executed insurance policies or certificates of insurance, the District shall also deliver evidence satisfactory to the County of payment of the first installment of all premiums.

4.4.3.5 Other Provisions. All insurance coverage required by this Section 4.4 must provide that (i) no material change, modification, cancellation or termination of such insurance coverage shall be effective until at least thirty (30) days after written notice thereof has been provided to the County; and (ii) such insurance shall not be invalidated by any act, omission or negligence of the County, the District, any contractors or subcontractors of the District or the County, or any person or entity having an interest in the Delivery System, nor by any foreclosure, process or other proceedings or notices thereof relating to the Delivery System, nor by any change in title to ownership or management of the Delivery System.

4.4.4 Insurance Review. All insurance policies required by this Agreement shall be reviewed by the County and the District not less than every three (3) years for the purpose of mutually agreeing to increase or decrease the minimum limits and deductibles of such insurance policies to amounts which may be reasonable and customary for facilities of similar size and operation to the Delivery System; provided, however, that pending such mutual agreement, the then current insurance policies shall remain in effect.

4.4.5 Coverage by County. In the event the District shall fail to obtain or maintain any of the insurance policies required by this Agreement, then the County shall have the right, but not the obligation, to obtain such insurance policies at the District's sole cost and expense if such insurance is reasonably available. If such insurance is not reasonably available, the parties will mutually agree as to suitable insurance requirements for the District. The District must pay all premiums and costs associated with or attributable to any and all such insurance policies obtained by the County upon five (5) days' written notice from the County. If the

District fails to make such payment, the County may set-off the amounts not paid by the District against amounts owed the District by the County under this Agreement.

4.5 Accreditation. The District shall administer the Delivery System in accordance with all applicable standards for hospital accreditation as are now and hereafter may be adopted and applied by JCAHO or a duly constituted successor thereof reasonably acceptable to CMS or its successor.

4.6 Records.

4.6.1 Non-Medical Records. On the Leaseback Termination Date the County shall deliver or make available to the District records and other documents and data necessary and appropriate to operate the transferred activities and facilities. Following the Leaseback Termination Date the County shall maintain and promptly make available for the reasonable inspection by the District such other records other documents and data that the County maintains and that relate to the operation, maintenance, management or administration of the Delivery System prior to the Transfer Date.

4.6.2 Medical Records. In order (i) to enable the District to carry out its obligations under this Agreement and the Medical Center Lease, (ii) to assist the District in collecting receivables, and (iii) to otherwise facilitate the operation of the Delivery System by the District, the County shall deliver to the District any and all Medical Records maintained by the County in connection with the Delivery System. The District shall at all times maintain the confidentiality of all records provided pursuant to this Section 4.6.2.

4.7 Medicare/Medicaid Cost Reimbursement. The District shall provide such staff and information as the County may reasonably require to complete and submit any Medicare/Medicaid Cost Reimbursement Reports pertaining to the Delivery System for any reporting period prior to the Leaseback Termination Date.

4.8 Graduate Medical Education.

4.8.1 Graduate Medical Education. The parties acknowledge that one of the primary purposes of the Delivery System is to support and facilitate medical and public health research and clinical education for health care professionals and paraprofessionals. The District shall at all times that the Medical Center Lease is in place, use reasonable efforts in its sound business judgment to conduct and maintain graduate medical education programs that reflect the needs of the community and the health care industry. Such training programs shall be conducted by the District in a manner fully approved by the Accreditation Council for Graduate Medical Education.

4.8.2 Health Professional and Allied Health Education. The District shall at all times that the Medical Center Lease is in place, use reasonable efforts in its sound business judgment to provide clinical training education and experience for health care professional and technical students at levels and in categories of training which reflect the needs of the community and the health care industry.



4.9 Transfer of Medical and House Staff. The County shall transfer to the District and the District shall accept such transfer from the County, all members of the MIHS House Staff and the MIHS Medical Staff, effective as of the Leaseback Termination Date. This transfer will be accomplished in such a manner that will ensure that each member of the MIHS House Staff and the MIHS Medical Staff will be transferred with or at the same level(s) of membership, privileges, practice prerogatives, credentials, appointments, reappointments, and status as a member of the MIHS House Staff or the MIHS Medical Staff that such member held immediately prior to the Leaseback Termination Date. In addition, the County will transfer to the District on or before the Leaseback Termination Date, all books, records and any other documents related to the MIHS House Staff membership or the MIHS Medical Staff membership. Subject to amendment by the District Board of Directors, the current Medical Staff Bylaws shall apply to the District.

4.10 Patient Care. The County shall transfer to the District and the District shall accept the transfer from the County of the duty and responsibility for the provisions of health care and health care related services to all individuals who are receiving health care and health care related services from the Delivery System as of the Leaseback Termination Date.

## SECTION 5. TRANSFER AND ASSUMPTION OF LIABILITIES.

5.1 Transferred Liabilities. All liabilities of the County associated with the Delivery System as reflected on the Audited Balance Sheet (collectively, the “**Assumed Liabilities**”) shall be transferred to and assumed by the District as of the Leaseback Termination Date, except as set forth in Section 5.2 of this Agreement.

5.2 Retained Liabilities. The following liabilities shall be retained by the County and the County shall defend and indemnify and hold the District harmless on a current basis in connection with such liabilities (“**Retained Liabilities**”).

5.2.1 Tort Liabilities. Any and all tort liabilities arising out of the operation, management and ownership of the Maricopa Integrated Health System prior to the Leaseback Termination Date.

5.2.2 Contract Liabilities. Any and all liabilities arising out of any act or omission that occurs prior to the Leaseback Termination Date that upon the giving of notice and the expiration of any applicable cure period would constitute a contractual breach of the County.

5.2.3 Violations of Law. Any claim that any act or omission prior to the Leaseback Termination Date of the County or any of its officers, employees, agents or contractors violates any law, statute, regulation, rule, ordinance or any other federal or State law, including (without limitation) the United States Constitution or the Constitution of the State of Arizona.

## SECTION 6. OPERATION OF DELIVERY SYSTEM BY DISTRICT AND WORKING CAPITAL.

### 6.1 Operation.

6.1.1 Compliance with Law. The District shall operate the Delivery System in accordance with all Federal, State and local laws, rules, and regulations.

6.1.2 Compliance with Financing Covenants. The District shall not, without the County's prior written consent (i) assign, transfer or pledge the Comprehensive Health Care Center, the Avondale FHC or the Desert Vista Hospital or any part thereof or any interest therein, (ii) sublet the Comprehensive Health Care Center, the Avondale FHC or the Desert Vista Hospital or any part thereof, or (iii) permit the Comprehensive Health Care Center, the Avondale FHC or the Desert Vista Hospital to be used or possessed by any persons for any purpose which violates Section 141 of the Internal Revenue Code; provided that it is expressly understood that the District shall be permitted to use the Comprehensive Health Care Center or the Desert Vista Hospital for the uses existing as of the Leaseback Termination Date if such uses do not violate Section 141 of the Internal Revenue Code. The District shall notify the County of any proposed change in the use or tenancy of the Comprehensive Health Center or the Desert Vista Hospital. If the County determines that such a proposed change would violate Section 141 of the Internal Revenue Code, the County will use its best efforts to allow such a change in use. The cost of such debt restructuring or refinancing shall be a District expense. If in the opinion of Greenberg Traurig, L.L.P. or another nationally recognized firm of attorneys practicing in the field of municipal bonds, a violation of Section 141 of the Internal Revenue Code has occurred prior to the Leaseback Termination Date, the County shall be financially responsible for appropriate corrective action and shall indemnify the District for any and all costs and liability arising out of such violation.

### 6.2 Funding.

6.2.1 Budget. The County has approved a FY 2004-05 Delivery System Budget, and the District has approved a Special Health Care District budget. The County budget and the District budget have been combined to create the District's "**Initial FY 2004-05 Budget**," attached hereto as Exhibit IGA-29.

6.2.2 Working Capital. No later than the Leaseback Termination Date, the County shall deposit an amount not to exceed Fifteen Million Dollars (\$15,000,000.00) in a special account with the Treasurer to fund the "**Working Capital Line of Credit**." If the amount of cash on hand less all outstanding warrants and less any Special Payments held for the account of the District ("**Available Cash**") falls below Five Million Dollars (\$5,000,000.00) prior to the date that tax anticipation notes can be issued by the District, the Treasurer shall draw the difference from the Working Capital Line of Credit account to the District's accounts. Such draws shall be interest free. If Available Cash in the District's accounts exceed Ten Million Dollars (\$10,000,000.00), the Treasurer shall repay the County account, but only to the extent that such repayment does not cause Available Cash to fall below Five Million Dollars (\$5,000,000.00). Such advances shall be repaid by November 30, 2005, unless an extension is granted by the County. The District must explore all reasonable sources of working capital

before requesting a Working Capital Line of Credit repayment extension from the County. The County shall have no obligation under this Section 6.2.2 if the District is then in default under the terms of the Medical Center Lease.

6.2.3 Excess Working Capital Needs. Any amounts in excess of the initial Working Capital Line of Credit reasonably needed by the District after the Transfer Date and prior to the earlier of (i) the date that tax anticipation notes can be issued or (ii) October 31, 2005, may be advanced to the District, subject to reasonable approval of the County. The parties acknowledge that the County may deny a District request for amounts in excess of the initial Working Capital Line of Credit if (i) the District has not explored all reasonable sources of working capital or (ii) in the case of requests prior to June 30, 2005, the District has incurred a discretionary expense greater than the amount budgeted therefor in the Initial FY 2004-05 Budget. Unless otherwise agreed, such amounts shall be repaid by November 30, 2005, pursuant to a repayment schedule with interest at the rate the County could earn on funds in the County Treasurer's Investment Pool.

6.3 Operational Restriction. The following restriction shall be placed in (a) all deeds conveying real property from the County to the District; (b) the deed to the Medical Center; and (c) the Medical Center Lease.

"No abortion shall be performed at any facility under the jurisdiction of the District unless such abortion is necessary to save the life of the woman having the abortion or is otherwise required by law."

## SECTION 7. DISTRICT ACCEPTANCE OF DELIVERY SYSTEM.

7.1 Condition of Property and Disclaimer of Warranty. Except as specifically set forth in this Agreement or the Medical Center Lease, the County has not made, and does not make, any representations, warranties, promises, covenants, agreements or guaranties of any kind whatsoever, whether express or implied, oral or written, relating to the Delivery System. Except as provided herein, the District shall accept the Delivery System "as is" and in the condition, including, without limitation, all faults, imperfections, defects, flaws and weaknesses, existing as of the Leaseback Termination Date. Except as set forth in this Agreement or in the Medical Center Lease, neither the County nor any of its agents or employees shall be liable for the condition of the Delivery System. Except as provided herein, THE DISTRICT UNDERSTANDS AND AGREES THAT THE COUNTY HAS NOT MADE AND DOES NOT HEREBY MAKE ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE CONCERNING THE DELIVERY SYSTEM. EXCEPT AS PROVIDED IN THIS SECTION 7.1, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED ARE EXCLUDED FROM THIS AGREEMENT AND SHALL NOT APPLY IN ANY RESPECT TO THE DELIVERY SYSTEM.

## SECTION 8. SERVICES TO BE PROVIDED BETWEEN THE COUNTY AND THE DISTRICT.

8.1 Purchases From County. The District may purchase supplies and utilize County services according to the terms set forth on Exhibit IGA-30 attached hereto.

### 8.2 Purchases from District.

8.2.1 Rates. The County may purchase supplies and utilize District services and according to the terms set forth on Exhibit IGA-30 attached hereto.

8.2.2 Treasurer. The District hereby appoints the Treasurer as the District's agent for the purpose of transferring funds to the County in the event of a DSH Triggering Event pursuant to Section 3.10.5.5 of this Agreement, as set forth with more particularity in the Fund Transfer IGA.

8.2.3 Minimum Purchase. Pursuant to A.R.S. § 48-5571, the County shall purchase and the District shall provide correctional health services in an amount of at least Five Million Dollars (\$5,000,000) per fiscal year for the term of any tax that is authorized for the District pursuant to A.R.S. § 48-5565, at rates set forth on Exhibit IGA-30; provided that if the District can demonstrate to the reasonable satisfaction of the County that the costs to provide such correctional health services exceed the rates set forth on Exhibit IGA-30, the rates to provide such services shall be promptly increased to cover such demonstrated costs. Once the County has purchased Five Million Dollars (\$5,000,000) in such services during any fiscal year, the District may thereafter elect to provide no additional correctional health services to the County during such fiscal year unless the County and the District can agree upon rates for the provision of such services, which agreement is subject to the sole and absolute discretion of the parties.

8.3 Invoice and Payment. For services purchased and facilities used pursuant to Section 8.1 or Section 8.2 of this Agreement, within thirty (30) days following the receipt of an invoice (unless AHCCCS rules require a different cure period), together with supporting data, the party receiving services or using facilities shall pay amounts due the party rendering the service or permitting the use of facilities.

## SECTION 9. DISTRICT NEGATIVE COVENANTS AND PRE-TRANSFER DATE COVENANTS.

9.1 Encumbrances. The District shall not grant a lien or security interest with respect to any Encumbered Real Property to collateralize an obligation of the District, except for the permitted encumbrances set forth below (collectively, the “**Permitted Encumbrances**”):

9.1.1 Any encumbrance created by the Medical Center Lease or any Encumbered Facility Lease.

9.1.2 Any encumbrance against the District arising out of a dispute in litigation or a judgment, so long as the claim in the litigation or the finality of such judgment is being contested and execution thereon is stayed.

9.1.3 Any encumbrance created to finance an improvement located on any Encumbered Real Property, subject to the approval of the County, which shall not be unreasonably withheld.

9.2 Conduct of Business Post-Transfer Date and Pre-Leaseback Termination Date. During the period commencing on the Transfer Date and ending on the Leaseback Termination Date, the County shall:

9.2.1 Carry on the business of the Delivery System in the usual, regular and ordinary course and consistent with past practice;

9.2.2 Not sell, lease, license, encumber or otherwise dispose of any of the Transferred Real Property and assets, except in the ordinary course of business consistent with past practice;

9.2.3 Not incur or guarantee any indebtedness for borrowed money or issue or sell any debt securities or warrants or rights to acquire any debt securities, except in the ordinary course of business consistent with past practice;

9.2.4 Except as required by GAAP, not make or commit to make any material changes in its accounting methods or principles;

9.2.5 Not take any action that would result in any of its representations and warranties contained in this Agreement becoming untrue or inaccurate in any material respect;

9.2.6 Maintain in force its insurance policies; and

9.2.7 Not permit any lien or other encumbrances to attach to any of the Transferred Real Property, except in the ordinary course of business consistent with prior practice.

## SECTION 10. INDEMNITIES.

10.1 Indemnity to County. The County shall not be liable for, and the District shall defend, indemnify and hold the County, its departments, agencies, officers and employees, harmless on a current basis for, from and against any (i) Assumed Liabilities, (ii) any claim, expense, loss, damage, demand, liability or judgment resulting from any misstatement, error or omission in any of the representations or warranties of the District set forth in this Agreement or any Related Agreement, and (iii) any other claims, expenses, loss, damage, demand, liability or judgment of any nature whatsoever, including, without limitation, health or safety conditions that are caused by or relate to any activity, condition or event arising out of any condition or operation of the Delivery System or the performance or non-performance by the District of the provisions of this Agreement or any Related Agreement on and after the Leaseback Termination Date, together with any expenses, including reasonable costs of investigation and attorneys' fees, incurred by the County in connection with the defense of any such claim, demand or liability.

10.2 Indemnity to the District. The District shall not be liable for, and the County shall defend, indemnify and hold the District, its officers, director and employees, harmless on a current basis for, from and against any (i) Retained Liability, (ii) any liability accruing prior to the Leaseback Termination Date, and (iii) any claim, expense, loss, damage, demand, liability or judgment resulting from any misstatement, error or omission in any of the representations or warranties of the County set forth in this Agreement or any Related Agreement, together with any expenses, including reasonable costs of investigation and attorneys' fees, incurred by the District in connection with the defense of any such claim, demand or liability.

10.3 Concerning Indemnification. Promptly upon receipt by any party to this Agreement (the "**Indemnitee**") of any claim or demand or of any notice of the commencement of any litigation or other proceeding for which the other party hereto ("**Indemnitor**") is obligated to defend, indemnify and/or hold such other party harmless, the Indemnitee shall notify the Indemnitor thereof. No failure by the Indemnitee to so notify the Indemnitor shall relieve the Indemnitor of any obligation to so defend, indemnify or hold the Indemnitee harmless imposed by this Agreement, unless and except to the extent that the failure to provide notice prejudices the defense of such claim, demand or litigation. Upon demand by the Indemnitee, the Indemnitor shall resist or defend such claim, action or proceeding in the Indemnitee's name, if necessary, by the attorneys for Indemnitor's insurance carrier, or otherwise by such attorneys as the Indemnitor selects and the Indemnitee approves. Notwithstanding the foregoing, after notice to Indemnitor, the Indemnitee may engage its own attorneys to defend it or assist in its defense, and the Indemnitor shall pay the reasonable fees, costs and disbursements of such attorneys. The Indemnitee shall as a condition to the indemnification by the Indemnitor from and against any such claim, demand or litigation: (i) cooperate with the Indemnitor in the defense of such claim, demand or litigation and (ii) so long as the Indemnitor provides assurances satisfactory to the Indemnitee that funds (by insurance or otherwise) are available and sufficient to satisfy any such claim, demand or litigation, the Indemnitee will not, without the written consent of the Indemnitor, settle, compromise or make payment on account of such claim, demand or litigation.

10.4 Environmental Liability. Except as set forth in this Section 10.4, the District shall accept the real and personal property transferred pursuant to Section 3 of this Agreement "as-is" pursuant to Section 7.1 of this Agreement. The parties will share equally in the purchase of a Phase I Environmental Site Assessments (other than asbestos abatement) on the Transferred Real Property. If any Phase I Environmental Assessment recommends that a Phase II Environmental Assessment is necessary (for reasons other than asbestos abatement), the parties will cooperate in obtaining such Phase II Environmental Assessments. If such Phase II Environmental Assessments cannot be obtained prior to the Transfer Date, the property (other than the Medical Center) that is the subject of the Phase II Environmental Assessment shall be transferred to the District, subject to the District's review of the Phase II Environmental Assessments. If after reviewing such Phase II Environmental Assessments, the District Board that is elected on November 2, 2004 determines (in the exercise of its sole discretion) that the District desires to reconvey the subject property to the County, the District Board shall notify the County no later than December 15, 2004. At that time, the County may either elect to remediate the subject property to the satisfaction of the District, or the County may elect not to remediate such property. If the County elects not to remediate such property, the subject property shall be reconveyed to the County no later than the Leaseback Termination Date. The County shall

indemnify the District for any environmental liability associated with the District's ownership of the subject property prior to the Leaseback Termination Date. The parties acknowledge that asbestos abatement efforts are continuing. The County shall complete scheduled asbestos abatement efforts through the Leaseback Termination Date, and the District shall be responsible for asbestos abatement efforts thereafter.

## SECTION 11. REPRESENTATIONS, WARRANTIES AND COVENANTS.

11.1 Representations, Warranties and Covenants of District. The District represents and warrants to the County as follows:

11.1.1 Organization and Standing. The District is a tax-levying public improvement district and has full power and authority to execute and deliver this Agreement and the Related Agreements and all other documents contemplated hereby and necessary to carry out the transactions contemplated hereby.

11.1.2 Authority. The execution, delivery and performance by the District of this Agreement and the Related Agreements and all other documents contemplated hereby, the fulfillment of and compliance with the respective terms and provisions hereof, and the consummation by the District of the transaction contemplated hereby have been duly authorized by the District's Board of Directors (which authorization has not been modified or rescinded and is in full force and effect). No other action of the District is necessary for the District to enter into this Agreement, the Related Agreements and all other documents contemplated hereby and to consummate the transaction contemplated hereby.

11.1.3 Binding Obligation. This Agreement, the Related Agreements and all other documents to be executed by the District pursuant hereto, when executed and delivered in accordance with the provisions hereof, shall be valid and binding obligations of the District, enforceable in accordance with the respective terms hereof.

11.2 Representations and Warranties of County. The County represents and warrants to the District as follows:

11.2.1 Organization and Standing. The County is a political subdivision of the State of Arizona. The County has full power to execute and deliver this Agreement and the Related Agreements and all other documents contemplated hereby and to carry out the transactions contemplated hereby.

11.2.2 Authority. The execution, delivery and performance by the County of this Agreement and the Related Agreements and all other documents contemplated hereby, the fulfillment of and the compliance with the respective terms and provisions hereof, and the consummation by the county of the transactions contemplated hereby have been duly authorized by the County Board of Supervisors (which authorization has not been modified or rescinded and is in full force and effect). No other action of the County is necessary for the County to enter into this Agreement, the Related Agreements and all other documents contemplated hereby to consummate the transaction contemplated hereby.

11.2.3 Binding Obligation. This Agreement, the Related Agreements and all other documents to be executed by the County pursuant hereto, when executed and delivered in accordance with the provisions hereof, shall be valid and binding obligations of the County, enforceable in accordance with the respective terms hereof.

11.2.4 Licenses and Permits. To the actual knowledge of the County, except as disclosed (if any) in Exhibit IGA-31, as of the Transfer Date, the County operates the Delivery System with the required state, federal, special or local governmental authorizations, licenses or permits, certificates and accreditations from third parties.

11.2.5 Reports. To the actual knowledge of the County, except as disclosed (if any) in Exhibit IGA-31, the County has filed or will cause to be filed all reports required by law or regulation to be filed concerning the operation of the Delivery System, including, but not limited to, all cost reports and other reports required by law or by written or oral contract or otherwise to be filed or made with respect to the purchase of services by third-party payors, including, without limitation, the Medicare and Medicaid programs and other insurance carriers and has paid all taxes and charges due on the basis of such returns and reports and the assessment of any material amount of additional taxes or charges in excess of those paid and reported is not reasonably expected.

11.2.6 Investigations and Inquiries. To the actual knowledge of the County, no investigation or inquiry has been made by any regulatory authority concerning the operation of the Delivery System and there are no proceedings by any such authority pending or threatened, except as disclosed (if any) in Exhibit IGA-31.

11.2.7 Condemnation. To the actual knowledge of the County, except as disclosed (if any) in Exhibit IGA-31, there is no pending or contemplated condemnation of any portion of the Delivery System assets.

#### 11.2.8 Environmental.

11.2.8.1 To the actual knowledge of the County, except as disclosed (if any) in Exhibit IGA-31, no Hazardous Materials have been or are present on the real property transferred pursuant to Section 3 of this Agreement (“**Transferred Real Property**”), and no Hazardous Materials contamination has accrued on the Transferred Real Property other than as identified in such Phase I and Phase II Environmental Site Assessments obtained pursuant to Section 2.1.1.8 of this Agreement.

11.2.8.1.1 “**Hazardous Materials**” means (a) any “hazardous waste” as defined by the Resource Conservation and Recover Act of 1976 (42 U.S.C. § 6901, *et seq.*), as amended from time to time, and regulations promulgated thereunder; (b) any “hazardous substance” as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, *et seq.*), as amended from time to time, and regulations promulgated thereunder; (c) radon and material quantities of petroleum products; (d) any substance the presence of which on the property is regulated by any federal, state or local law relating to the protection of the environment or public health; and (e) any other substance which by law requires special handling in its collection, storage, treatment or disposal.



11.2.8.1.2 **“Hazardous Materials Contamination”** means the contamination (whether presently existing or occurring after the date hereof) of the improvements, facilities, soil, ground water, surface water, air or other elements on or under the Transferred Real Property by Hazardous Materials, or the contamination (whether presently existing or occurring after the date hereof) of the buildings, facilities, soil, ground water, surface water, air or other elements on or under any other property as a result of Hazardous Materials emanating from the Transferred Real Property.

11.2.9 Compliance with Laws. To the County’s actual knowledge, except as disclosed (if any) in Exhibit IGA-31, the County has not received and is unaware of any notice of violation or noncompliance as it relates to the Delivery System from any governmental or regulatory authority having jurisdiction. To the County’s actual knowledge, the County has at all times during its operation of the Delivery System complied in all material respects with all requirements of all governmental agencies having jurisdiction.

11.2.10 No Contract Liabilities. To the County’s actual knowledge, except as disclosed (if any) in Exhibit IGA-31, the County is in compliance with the terms and provisions of all contracts that relate to the use and operation of the Delivery System, and the County is not in breach of any such contracts.

11.2.11 Compliance with Leases. To the County’s actual knowledge, except as disclosed (if any) in Exhibit IGA-31, the County is in good standing and not in breach of any terms, conditions or obligations of any leases utilized in connection with operation of the Delivery System.

11.2.12 Litigation. Except as disclosed (if any) in Exhibit IGA-31, the County has not been served as a party to any pending action, suit or proceeding in, for or by any court or governmental board, commission, agency or department in connection with the Delivery System.

11.2.13 Financial Statements. To the County’s actual knowledge, the financial statements delivered pursuant to Section 3.8 of this Agreement do not contain a material omission or misstatement. The District’s sole remedy in the event the County’s representation and warranty set forth in this Section 11.2.13 is inaccurate shall be an increase in the Working Capital Line of Credit or a reasonable extension in the length of repayment.

11.2.14 Actual Knowledge. For the purposes of this Section 11.2, the “Actual Knowledge of the County” means the actual knowledge of David Smith, Tom Manos, Sandi Wilson, Shawn Nau, Ted Shaw, Matt Nelson, Ann Thompson, Steve Ellis, Darrel Contreras, Jim Kennedy, Bill Ellert, Gwynn Simpson, Lucy Hall, Phyllis Biedess and Chris Keller.

11.2.15 Remedy. In the event of a Failed County Rep and Warranty, the District’s sole remedies shall be any combination of the following:

11.2.15.1 Return of Property. The return of any Transferred Property pursuant to Section 10.4 of this Agreement.

11.2.15.2 Reduction in Value. Credits or adjustments for the purposes of calculating accrued rental payments or the present value of deferred rental payments pursuant to Sections 3.10.5.1 or 3.10.5.4 of this Agreement or for the purpose of determining credits against promissory note payments pursuant to Section 3.2.2.1 of this Agreement.

11.2.15.3 Working Capital Line. An increase in the Working Capital Line of Credit and (if necessary) a reasonable extension in the time for repaying amounts owed under the Working Capital Line of Credit.

11.3 Representations and Warranties as of Leaseback Termination Date. The County shall prepare Exhibit IGA-31 no later than December 1, 2004 which shall be attached hereto. Such representations and warranties shall be effective as of November 1, 2004. Thereafter, Exhibit IGA-31 shall be amended no later than January 15, 2005 to cause the foregoing representations and warranties to be complete, true and correct as of the Leaseback Termination Date.

## SECTION 12. DEFAULTS, AND REMEDIES.

12.1 Mediation. Subject to Section 12.8 of this Agreement, in the event that there is a dispute hereunder which the parties cannot resolve between themselves, the parties agree that there shall be a thirty (30) day moratorium on arbitration pursuant to Exhibit IGA-32, during which time the parties agree to attempt to settle the dispute by nonbinding mediation before commencement of arbitration pursuant to Exhibit IGA-32. The thirty (30) day moratorium shall commence on the day that one party gives the other party notice of the commencement of mediation pursuant to this Section 12.1 ("**Mediation Commencement Date**"). The mediation shall be held under the commercial mediation rules of the American Arbitration Association. The matter in dispute shall be submitted to a mediator mutually selected by the County and the District. In the event that the parties cannot agree upon the selection of a mediator within seven (7) days after the Mediation Commencement Date, then within three (3) days thereafter, the County or the District may request the presiding judge of the Maricopa County Superior Court to appoint an independent mediator. The mediator selected shall have experience in mediating or arbitrating disputes involving public agencies in the State of Arizona. The cost of any such mediation shall be divided equally between the County and the District. The results of the mediation shall be nonbinding on the parties, and any party shall be free to initiate arbitration pursuant to Exhibit IGA 32 ("**Arbitration**") subsequent to the moratorium.

12.2 District Events of Default. Any one or more of the following specified events shall be a "**District Event of Default.**"

12.2.1 Payment. Failure of the District to pay, when due, any payments in accordance with this Agreement or any Related Agreement.

12.2.2 Bankruptcy.

12.2.2.1 Voluntary. The District shall have commenced any case, proceeding or other action (i) under the United States Bankruptcy Code, or of any other existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to the

District seeking to adjudicate the District a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, discharge, composition or other relief with respect to the District or the debts of the District, or (ii) seeking appointment of a receiver, custodian or other similar official for the District for all or any substantial part of the District's assets, or the District shall make a general assignment for the benefit of the District's creditors.

12.2.2.2 Involuntary. There shall be commenced against the District any case, proceeding or other action which results in the entry of any order for relief or the appointment of a trustee under the United States Bankruptcy Code, which action is not stayed or dismissed within a period of one hundred twenty (120) days.

12.2.2.3 Assignment for Creditors. The District makes an assignment for the benefit of creditors or any reorganization, receivership, moratorium or other debtor-relief proceedings are commenced by or against the District.

12.2.2.4 Other. There shall be commenced against the District (i) any case, proceeding or other action seeking issuance of a writ of attachment, execution, distraint or similar process against all or any substantial part of the District's assets ("**District Writ**"), or (ii) any reorganization, receivership, moratorium or other debtor relief proceeding which results in the entry of an order for any such relief ("**District Proceeding**"), which the District Writ or District Proceeding shall not have been vacated, discharged or stayed or bonded pending appeal within one hundred twenty (120) days from the entry thereof.

12.2.3 Arbitration. The District fails to comply with an award or determination issued pursuant to Arbitration.

12.2.4 Other Failures. The failure by the District to observe or perform any covenant, condition or agreement on its part to be performed or observed under this Agreement and not otherwise described in the foregoing provisions of this Section 12.2.

12.3 County Events of Default. Any one or more of the following specified events shall be a "**County Event of Default**."

12.3.1 Payment. Failure of the County to pay, when due, any payment in accordance with this Agreement or any Related Agreement.

12.3.2 Bankruptcy.

12.3.2.1 Voluntary. The County shall have commenced any case, proceeding or other action (i) under the United States Bankruptcy Code, or of any other existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to the County seeking to adjudicate the County a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, discharge, composition or other relief with respect to the County or the debts of the County, or (ii) seeking appointment of a receiver, custodian or other similar official for the County for all or any substantial part of the

County's assets, or the County shall make a general assignment for the benefit of the County's creditors.

12.3.2.2 Involuntary. There shall be commenced against the County any case, proceeding or other action which results in the entry of any order for relief or the appointment of a trustee under the United States Bankruptcy Code, which action is not stayed or dismissed within a period of one hundred twenty (120) days.

12.3.2.3 Assignment for Creditors. The County makes an assignment for the benefit of creditors or any reorganization, receivership, moratorium or other debtor-relief proceedings are commenced by or against the County.

12.3.2.4 Other. There shall be commenced against the County (i) any case, proceeding or other action seeking issuance of a writ of attachment, execution, distraint or similar process against all or any substantial part of the Total System Property ("**County Writ**"), or (ii) any reorganization, receivership, moratorium or other debtor relief proceeding which results in the entry of an order for any such relief ("**County Proceeding**") which results in the entry of an order for any such relief, which the County Writ or County Proceeding shall not have been vacated, discharged or stayed or bonded pending appeal within one hundred twenty (120) days from the entry thereof.

12.3.3 Arbitration. The County fails to comply with an award or determination issued pursuant to Arbitration.

12.3.4 Other Failures. The failure by the County to observe or perform any covenant, condition or agreement on its part to be performed or observed under this Agreement and not otherwise described in the foregoing provisions of this Section 12.3.

12.4 Notice. The non-breaching party shall give written notice of default to the breaching party, specifying the breach complained of by the non-breaching party. Failure or delay in giving such notice shall not constitute a waiver of any breach, but the non-breaching party shall not be entitled to exercise its rights and remedies (under this Agreement or otherwise) on account of any such breach unless and until it shall have given the breaching party notice of such breach and an opportunity to cure the same as hereinafter provided. Any failure or delay by either party in asserting any of its rights or remedies as to any breach, shall not operate as a waiver of any breach, or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

## 12.5 Acceptance of Legal Process.

12.5.1 Upon County. In the event that any legal action is commenced by the District against the County, service of process on the County shall also be made by personal service upon the Clerk of the Board at the address set forth in Section 13.11 of this Agreement, or in such other manner as may be provided by law.

12.5.2 Upon the District. In the event that any legal action is commenced by the County against the District, service of process on the District shall be made by personal service

upon the Secretary of the Board of the District at the address set forth in Section 13.11 of this Agreement, or in such other manner as may be provided by law, whether made within or without the State of Arizona.

## 12.6 Cure Periods.

12.6.1 Accelerated Cure. In connection with the District Events of Default described in Sections 12.2.1, 12.2.2 and 12.2.3 of this Agreement, the County shall provide the District with written notice of such District Event of Default. The District then has five (5) Business Days within which to cure such District Event of Default. In connection with the County Events of Default described in Sections 12.3.1, 12.3.2 and 12.3.3 of this Agreement, the District shall provide the County with written notice of such County Event of Default. The County then has five (5) Business Days within which to cure such County Event of Default.

12.6.2 Extended Cure. In connection with the District Events of Default described in Section 12.2.4 of this Agreement, the County shall provide the District with written notice of such District Event of Default. The District then has thirty (30) days within which to cure such District Event of Default; provided, however, that if it is not reasonably possible to cure such District Event of Default within the thirty (30) day period, such cure period will be extended so long as the District has commenced and thereafter diligently continues to pursue a cure for such District Event of Default. In connection with the County Event of Default described in Section 12.3.4 of this Agreement, the District shall provide the County with written notice of such County Event of Default. The County then has thirty (30) days within which to cure such County Event of Default; provided, however, that if it is not reasonably possible to cure such County Event of Default within the thirty (30) day period, such cure period will be extended so long as the County has commenced and thereafter diligently continues to pursue a cure for such County Event of Default.

12.7 Permitted Litigation. Subject to Section 12.8 of this Agreement, in certain types of disputes, the nondefaulting party may, after satisfying the requirements of Section 12.1 of this Agreement, in addition to any other remedy at law or in equity, elect to bring an action in a court of competent jurisdiction, as set forth in this Section 12.7. In the event of the Events of Default described in Section 12.2.1, 12.2.2, 12.2.3, 12.3.1, 12.3.2 and 12.3.3 of this Agreement (collectively, “**Permitted Litigation**”), the parties shall have all of the rights and remedies available at law or in equity as permitted pursuant to such Permitted Litigation, including, without limitation, the termination of this Agreement and other Related Agreements as ordered by a court of competent jurisdiction. All other disputes shall be resolved pursuant to Arbitration after first satisfying the requirements of Section 12.1 of this Agreement.

12.8 Specific Performance. Notwithstanding any other provision of this Agreement, if either party breaches with regard to any of the provisions of this Agreement, the nonbreaching party, at its option and following notice of default and opportunity to cure the same as provided in Section 12.6 of this Agreement, may commence an action for specific performance to enforce the terms of this Agreement if there is no adequate remedy at law.

## SECTION 13. MISCELLANEOUS PROVISIONS.

13.1 Transaction Costs. All costs, expenses and fees accrued or accruing through the Leaseback Termination Date in connection with the transaction contemplated by this Agreement and the Related Agreements, including by not limited to legal, accounting, consulting, appraisal and title examination shall be paid by the parties as set forth on Exhibit IGA-33.

13.2 Independent Contractor. The parties acknowledge that nothing contained in this Agreement shall create any partnership, joint venture, or agency relationship between the parties and that the District is the independent contractor of the other.

13.3 Term. This Agreement shall become effective as of November 1, 2004 and filed with the Maricopa County Recorder and shall continue for the term of the Medical Center Lease.

13.4 Assets Upon Dissolution. Pursuant to A.R.S. § 48-5507, upon dissolution of the District, all assets of the District (after paying for or providing for all liabilities of the District) shall be transferred to the County.

13.5 Acknowledgement. Each party hereby acknowledges that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, "**County Counsel**") represent both parties to this Agreement in accordance with the requirements of A.R.S. § 48-5541.01.M.2, and each party waives any claim of conflict of interest, which may arise by virtue of such representation of both parties to this Agreement.

13.6 Severability. If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall continue valid and enforceable to the full extent permitted by law.

13.7 Compliance with Law. The County and the District shall comply with all applicable statutes, laws, regulations, rules and professional standards. To the extent that any term or provision of this Agreement is not in compliance with any such applicable statutes, laws, regulations, rules or professional standards, the County and the District shall negotiate in good faith to amend such term or provision so as to prevent or eliminate any such failure to comply.

13.8 Compliance with Intervening Acts. If legislation is enacted or a regulation is promulgated or a judicial or administrative decision is rendered that affects, or may affect, the legality of this Agreement or adversely affects the ability of either party to perform its obligations or receive the benefits intended hereunder, then, within fifteen (15) days following notice by either party of such event, each party will negotiate in good faith a substitute agreement to this Agreement which will carry out the original intention of the parties to the extent possible in light of such legislation, regulation or decision.

13.9 Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent prepared the same, it being agreed that both parties have participated in the preparation hereto.

13.10 Conflict of Interest. This Agreement may be cancelled in accordance with A.R.S. § 38-511, if within three (3) years of its execution, any person significantly involved in the

initiating, negotiating, securing, drafting or creation of this Agreement becomes an employee or agent of the other party to the Agreement in any capacity or a consultant to the other party with respect to the subject matter of this Agreement. As such, the parties to this Agreement do acknowledge that individuals by virtue of having been involved in preparing this Agreement may have had to act on behalf of both parties to this Agreement while the Maricopa County Board of Supervisors served as the Board of Directors pursuant to A.R.S. § 48-5501.01.B and do hereby consent to such representation and hereby waive any right to cancellation pursuant to A.R.S. § 38-511 with respect thereto.

13.11 Notice. All notices or demands upon any party relating to this Agreement shall be in writing and shall be delivered in person or sent by mail addressed as follows:

County:	David Smith County Administrative Officer Maricopa County, Arizona 301 West Jefferson, 10 <sup>th</sup> Floor Phoenix, Arizona 85007 Fax: (602) 506-3328
With a copy to	Maricopa County Attorney 301 West Jefferson, Suite 800 Phoenix, Arizona 85003 Fax: (602) 506-8102
District:	Maricopa County Special Health Care District 2601 East Roosevelt Phoenix, Arizona 85008 Fax: (602) 344-5190
With a copy to:	William J. Sims III Moyes Storey Ltd. 1850 North Central Avenue, Suite 1100 Phoenix, Arizona 85004 Fax: (602) 274-9135

13.12 Entire Agreement. This Agreement with the following exhibits attached hereto and the Lease constitute the entire agreement and understanding of the parties with respect to the subject matter hereof and thereof. This Agreement may not be amended, modified, extended or renewed except in writing executed by the County and the District.

Exhibit IGA-1	Licenses, Permits and Registrations Required to Operate the Delivery System to be Assigned and Third Party Consents and Approvals.
Exhibit IGA-2	Tenant Leases to be assigned and assumed
Exhibit IGA-3	Personal Property Leases to be assigned or subleased
Exhibit IGA-4	Encumbered real property to be leased or subleased to District
Exhibit IGA-5	Licenses, Permits and Registrations required to operate the Health Plans
Exhibit IGA-6	Revenue Leases – Lessor's interest to be assigned

Exhibit IGA-7	Medical Center Lease
Exhibit IGA-8	Medical Center Security Agreement
Exhibit IGA-9	FHCs to be conveyed by quit claim deed
Exhibit IGA-10	Form of Quit Claim Deed
Exhibit IGA-11	Form of Deeds of Trust and Assignments of Rent
Exhibit IGA-12	Form of FHC Promissory Note
Exhibit IGA-13	Assignment and Assumption of Leases
Exhibit IGA-14	Health Center Sublease Agreement
Exhibit IGA-15	Sublease Purchase Agreements
Exhibit IGA-16	Leased Property Security Agreement and Deed of Trust and Assignment of Rents
Exhibit IGA-17	Leased Property Promissory Note
Exhibit IGA-18	Form of Assignment and Assumption of Lease
Exhibit IGA-19	Form of Bill of Sale
Exhibit IGA-20	Personal Property Security Agreement
Exhibit IGA-21	Personal Property Promissory Note
Exhibit IGA-22	Personal Property Sublease
Exhibit IGA-23	Fund Transfer Agreement
Exhibit IGA-24	Assignment of Contracts
Exhibit IGA-25	Assignment of Licenses, Permits and Registrations
Exhibit IGA-26	Assignment of Warranties
Exhibit IGA-27	District-County Self Insurance Trust IGA
Exhibit IGA-28	Types and Amounts of Insurance Coverage
Exhibit IGA-29	Initial FY 2004-05 Budget
Exhibit IGA-30	Supplies and Services Available for Purchase and Sale
Exhibit IGA-31	Representations and Warranties Disclosures
Exhibit IGA-32	Alternative Dispute Resolution Process
Exhibit IGA-33	Allocation of Transaction-Related Costs, Expenses and Fees

### 13.13 Additional Acts and Documents.

13.13.1 Each party hereto agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments, as shall be reasonably requested to carry out the provisions, intent and purpose of this Agreement.

13.13.2 The parties agree that even though this Agreement, the Related Agreements and the Exhibits are being executed on the IGA Execution Date or promptly thereafter, the parties shall meet quarterly to discuss necessary revisions to each of these documents. The District Board may propose suggested revisions, which the County must reasonably consider.



IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax-levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_  
Andrew Kunasek, Chairman  
Maricopa County Board of Supervisors

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST:**

**ATTEST:**

\_\_\_\_\_  
Clerk of the Board

\_\_\_\_\_  
Secretary of the Board

**APPROVED AS TO FORM:**

**APPROVED AS TO FORM:**

MARICOPA COUNTY ATTORNEY

\_\_\_\_\_  
Deputy County Attorney

\_\_\_\_\_  
William J. Sims III  
Attorney for the Maricopa County Special  
Health Care District

## **EXHIBIT IGA-1**

### **LICENSES, PERMITS AND REGISTRATIONS REQUIRED TO OPERATE THE DELIVERY SYSTEM TO BE ASSIGNED AND THIRD PARTY CONSENTS AND APPROVALS**

Accrediting Council for Continuing Medical Education  
Accrediting Council for Graduate Medical Education  
Arizona Department of Environmental Quality (Mammography)  
Arizona Department of Environmental Quality, Department of Hazardous Waste/Special Waste  
Arizona Department of Health Services (for Maricopa Medical Center and Desert Vista)  
Arizona Department of Health Services, Ambulatory Licensing Division  
Arizona Department of Health Services, Bureau of State Lab Services (CLIA)  
Arizona Department of Health Services, Division of Medical Licensure, Behavioral Division  
Arizona Department of Health Services/HRSA - Grant Radios  
Arizona Department of Health Service, Newborn Intensive Care Program Grant  
Arizona Department of Revenue (ADOR)  
Arizona Health Care Cost Containment System (AHCCCS)  
Arizona Radiation Regulatory Agency (for Dental Clinic)  
Arizona Radiation Regulatory (for Eye Clinic laser use)  
Arizona Radiation Regulatory (Radiology)  
Arizona State Board of Pharmacy  
Arizona State Fire Marshall  
Arizona State Retirement System (ASRS)  
Centers for Medicare and Medicaid Services (CMS)  
City of Phoenix, Development Services  
City of Phoenix, Hazardous Materials Permit  
City of Phoenix, Water Services Department, Pollution Control Division  
Drug Enforcement Administration (DEA)  
Environmental Services Department, Eating/Drinking Permit  
Federal Communication Commission (FCC), Radios  
Food and Drug Administration (FDA)  
Internal Revenue Service (IRS)  
Joint Commission on Accreditation of Healthcare Organizations (JCAHO)  
Office of Civil Rights  
Wholesale Pharmacy License

## **EXHIBIT IGA-2**

### **TENANT LEASES TO BE ASSIGNED AND ASSUMED**

Lease No. L7292:     McDowell Healthcare Center  
                             1144 East McDowell Road  
                             Phoenix, Arizona

### **EXHIBIT IGA-3**

#### **PERSONAL PROPERTY LEASES TO BE ASSIGNED OR SUBLEASED**

<b>EQUIPMENT OUTSTANDING</b>	<b>LENDER</b>	<b>AMOUNT</b>
MRI Equipment	Bank of America	\$1,029,026.02
Cardiac Equipment	Bank of America	\$61,207.86
CT Scanner	Public Offering	\$649,898.00

## **EXHIBIT IGA-4**

### **ENCUMBERED REAL PROPERTY TO BE LEASED OR SUBLEASED TO DISTRICT**

1. Avondale Family Health Center  
950 East Van Buren Street  
Avondale, Arizona
2. Desert Vista Hospital  
570 West Brown Road  
Mesa, Arizona
3. Comprehensive Health Care Center  
2601 East Roosevelt  
Phoenix, Arizona

## **EXHIBIT IGA-5**

### **LICENSES, PERMITS AND REGISTRATIONS REQUIRED TO OPERATE HEALTH PLANS**

[Exhibit IGA-5 will be prepared as and when the Health Plans are transferred pursuant to Section 2.1.2 of the Agreement.]

## **EXHIBIT IGA-6**

### **REVENUE LEASES – LESSORS' INTERESTS TO BE ASSIGNED**

Lease No. MC-10135

META Services, Inc.  
2601 East Roosevelt  
Phoenix, Arizona

Lease No. MC-10138

Arizona Department of Economic Security  
2601 East Roosevelt  
Phoenix, Arizona

Lease No. MC-10140

Valley of the Sun Hospice Association  
d/b/aHospice of the Valley  
2601 East Roosevelt  
Phoenix, Arizona

Lease No. MC-10142

Shriners Intermountain Hospital  
2601 East Roosevelt  
Phoenix, Arizona

Lease No. MC-10143

Centerre Rehabilitation Hospital of Arizona, LLC  
2601 East Roosevelt  
Phoenix, Arizona

Lease No. MC-10113

Crisis Nursery, Inc.  
2711 East Roosevelt  
Phoenix, Arizona

## EXHIBIT IGA-7

### MEDICAL CENTER LEASE AGREEMENT

THIS MEDICAL CENTER LEASE AGREEMENT (“**Lease**”) is dated November 1, 2004 (“**Lease Execution Date**”), by and between MARICOPA COUNTY, a political subdivision of the State of Arizona (“**County**”), and the MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying public improvement district of the State of Arizona (“**District**”).

#### RECITALS:

A. The County currently owns and operates the Maricopa Medical Center and related facilities (collectively, the “**Medical Center**”) pursuant to Sections 11 -251, 11 -291 and 11 -306 (among others) of the Arizona Revised Statutes;

B. Pursuant to that certain Intergovernmental Agreement between the County and the District dated November 1, 2004 (“**IGA**”), the County agreed to transfer its Health System to the District upon the satisfaction of certain conditions as set forth in the IGA;

C. Upon the satisfaction of the conditions to the transfer of the Delivery System, including the Medical Center, set forth in the IGA, the Medical Center will be transferred to the District pursuant to this Lease; and

D. The County desires to lease to the District and the District desires to lease from the County, the Medical Center pursuant to this Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto covenant, agree and bind themselves as follows:

#### ARTICLE 1. DEFINITIONS .

1.1 ADA means the Americans with Disabilities Act of 1990, as the same may be amended, modified, codified, supplemented or repealed from time to time.

1.2 ADR means the alternative dispute resolution process set forth in Exhibit Lease-12.

1.3 AHCCCS Acute Plan means a contract between the County and AHCCCSA, Contract No YH04 -0001 -04 issued February 3, 2003, as amended and supplemented for the provision of hospitalization and medical care coverage to eligible persons who are enrolled in AHCCCS as defined in A.R.S. §§ 36-2901, 36 -2981 and 36 -2981.01.

1.4 ALTCS Plan means the health insurance plan between the AHCCCSA and the County providing long term care for the aged, blind or physically disabled who need ongoing services at a nursing facility level of care.



- 1.5 A.R.S. means the Arizona Revised Statutes, as the same may be amended, modified, codified, supplemented or repealed from time to time.
- 1.6 Adjustment Date has the meaning set forth in Section 4.1 of this Lease.
- 1.7 Annual Fixed Rent has the meaning set forth in Section 4.1 of this Lease.
- 1.8 Business Day means all days of the year except Saturday, Sunday and State of Arizona or federal legal holidays.
- 1.9 CHC means the Comprehensive Health Care Center located at 2525 East Roosevelt, Phoenix, Arizona.
- 1.10 CHC Rent has the meaning set forth in Section 4.2 of this Lease.
- 1.11 Code means the Internal Revenue Code, as the same may be amended, modified, codified, supplemented or repealed from time to time.
- 1.12 Condemnation Award means the payment or other award made in connection with a taking of all or a portion of the Demised Premises and/or this Lease by a governmental entity.
- 1.13 County means Maricopa County, a political subdivision of the State of Arizona.
- 1.14 County Administrative Officer means the person designated from time to time by the County Board of Supervisors as the chief executive officer of the County.
- 1.15 County Contract Administrator means the individual appointed by the County pursuant to Section 3.2.1 of this Lease.
- 1.16 County DSH Reimbursement Amount has the meaning set forth in Section 4.3.2.1 of this Lease.
- 1.17 County Event of Default has the meaning set forth in Section 19.2 of this Lease.
- 1.18 County Fiscal Year means the accounting period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year.
- 1.19 County Proceeding has the meaning set forth in Section 19.2.2.4 of this Lease.
- 1.20 County Writ has the meaning set forth in Section 19.2.2.4 of this Lease.
- 1.21 CPI Index means the “All Items ” portion of the All Urban Consumers Index published by the U.S. Bureau for Labor Statistics for Metropolitan Phoenix.
- 1.22 Deed Restriction has the meaning set forth in Article 8 of this Lease.
- 1.23 Default Rate has the meaning set forth in Section 19.6 of this Lease.

1.24 Delivery System means all assets and liabilities of the Health System (other than the Health Plans) transferred from the County to the District in the first phase of the transfer pursuant to Section 2.1 of the IGA.

1.25 Demised Premises has the meaning set forth in Section 2.1 of this Lease.

1.26 Disproportionate Share Program means the Federal program that reimburses hospitals that serve a disproportionate number of Medicaid or low -income patients.

1.27 District means the Maricopa County Special Health Care District, a tax -levying public improvement district of the State of Arizona.

1.28 District Fiscal Year means the accounting period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year.

1.29 District Event of Default has the meaning set forth in Section 19.1 of this Lease.

1.30 District Personal Property means all furniture, fixtures, equipment and other personal property owned by the District, which are located at the Demised Premises and may or may not be affixed or built -in to the Demised Premises.

1.31 District Proceeding has the meaning set forth in Section 19.1.2.4 of this Lease.

1.32 District Writ has the meaning set forth in Section 19.1.2.4 of this Lease.

1.33 DSH Deficiency has the meaning set forth in Section 4.3.2.1 of this Lease.

1.34 DSH Protective Legislation has the meaning set forth in Section 4.3.2.1 of this Lease.

1.35 DSH Triggering Event has the meaning set forth in Section 4.3.2.4 of this Lease.

1.36 Encumbered Facility Sublease Purchase Agreements has the meaning set forth in the IGA.

1.37 Event of Default means either a County Event of Default or a District Event of Default.

1.38 Governmental Uses Space has the meaning set forth in Section 2.1.2.1 of this Lease.

1.39 Health Plans means the Maricopa County ALTCS Plan and the AHCCCS Acute Plans.

1.40 Fund Transfer IGA has the meaning set forth in Section 4.3.2.3 of this Lease.

1.41 Health Plans Office Space has the meaning set forth in Section 2.1.2.2 of this Lease.

1.42 Health System means the health care institutions as operated by the County on the Transfer Date, commonly known as and limited to Maricopa Integrated Health System and all related real and personal property, including, without limitation, hospital facilities, clinics, rehabilitation centers, therapy facilities, outpatient clinics, nursing homes, blood banks, ambulance facilities, extended care facilities, dispensaries, pharmacies, parking facilities, laundry facilities, dormitories, offices and administration buildings, cafeterias and food service facilities, research, laboratory and diagnostic facilities, libraries, information systems and data bases, ambulances, stretcher vans and other medical transportation equipment, education facilities, school-based clinics, equipment, tools, machinery, accounts receivable and other intangible assets, medical and house staff, health maintenance organizations, health care services organizations and health insurance plans, graduate medical and other health care professional educational programs, in each case maintained, owned or operated for the payment and delivery of medical services, nursing services, home health services, home delivery services, emergency medical services, behavioral health services, long-term care services, health-related services and health screening services, adult day health services, adult foster care services, hospice services, personal care services, respite care services, supervisory care services and medical equipment services.

1.43 IGA means that certain Intergovernmental Agreement, dated the date hereof, between the County and the District establishing the terms of the transfer of the Health System from the County to the District.

1.44 Imposition means all governmental assessments, franchise fees, excises, license and permit fees, levies, charges or taxes, general and special, ordinary and extraordinary, of every kind and nature whatsoever (irrespective of the nature thereof, including, without limitation, all such charges based on the fact of a transaction, irrespective of how measured, or based on the fact of a possessory right or interest) which may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or in respect of, due to the use of or become a lien on: (i) all or any part of the Demised Premises; (ii) any payments received from any holders of a leasehold interest, possessory interest or license in or to the Demised Premises or any part thereof, from any patients or from any others using or occupying all or any part of the Demised Premises; or (iii) any transaction or any document which creates or transfers rights with respect to all or any part of the Demised Premises.

1.45 Indemnitee has the meaning set forth in Section 11.3 of this Lease.

1.46 Indemnitor has the meaning set forth in Section 11.3 of this Lease.

1.47 Insubstantial Damage means any damage or destruction to any of the Demised Premises that would not materially and adversely impact the District's intended use of the Demised Premises as a whole.

1.48 Insubstantial Taking means a Taking that would not materially and adversely impact the District's intended use of the Demised Premises as a whole.

1.49 Insurance IGA has the meaning set forth in Section 16.1 of this Lease.

1.50 JLBC means the Joint Legislative Budget Committee of the Arizona State Senate and House of Representatives.

1.51 Lease means this Medical Center Lease Agreement.

1.52 Leaseback Termination Date means January 1, 2005.

1.53 Lease Date has the meaning set forth in Section 3.1 of this Lease.

1.54 Lease Execution Date means the date that this Lease is executed by both parties.

1.55 Lease Term has the meaning set forth in Section 3.1 of this Lease.

1.56 Legal Requirements means all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all executive, judicial, legislative, administrative or regulatory agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Demised Premises or any part thereof, or any use or condition of the Demised Premises or any part thereof.

1.57 Mediation Commencement Date has the meaning set forth in Section 21.1 of this Lease.

1.58 Medical Center means the hospital and County -owned facilities located generally at 2601 East Roosevelt Street, Phoenix, Arizona, commonly known as Maricopa Medical Center Campus.

1.59 Medical Center Security Agreement has the meaning set forth in Section 2.1.2.6 of this Lease.

1.60 Memorandum of Lease means the memorandum executed and acknowledged by the District and the County in the form of Exhibit Lease -1, which shall be recorded as of the Lease Date in the official records of Maricopa County, Arizona.

1.61 Permitted Encumbrance has the meaning set forth in Section 10.2 of this Lease.

1.62 Permitted Litigation has the meaning set forth in Section 19.4 of this Lease.

1.63 Phase I Environmental Site Assessment means that certain study performed on the Demised Premises dated October 8, 2004, authorized and paid for equally by the County and the District, and performed by Four Corners Environmental, Inc.

1.64 Prime Rate means the then current prime interest rate as published in the Wall Street Journal at the time that the determination of the Prime Rate must be made pursuant to this Lease.

1.65 Public Health Services Space has the meaning set forth in Section 2.1.2.3 of this Lease.

1.66 Related Agreements means this Lease, the IGA, and the Encumbered Facility Lease Purchase Agreements.

1.67 Special Payments has the meaning set forth in Section 2.1.2.6 of this Lease.

1.68 State Treasurer means the Treasurer of the State of Arizona.

1.69 Substantial Damage means any damage or destruction to any of the Demised Premises that would materially and adversely impact the District's intended use of the Demised Premises as a whole.

1.70 Substantial Taking means a Taking that would materially and adversely impact the District's intended use of the Demised Premises as a whole.

1.71 Taking has the meaning set forth in Section 18.1 of this Lease.

1.72 Taking Date has the meaning set forth in Section 18.1 of this Lease.

1.73 Transfer Date has the meaning set forth in the IGA.

1.74 Transferred Funds has the meaning set forth in Section 4.3.2.1 of this Lease.

1.75 Treasurer means the Maricopa County Treasurer.

## ARTICLE 2. DEMISED PREMISES .

2.1 Demised Premises. Subject to the covenants and conditions herein contained, the County hereby leases to the District, and the District hereby leases from the County the land and improvements thereon situated in Phoenix, Maricopa County, Arizona, legally described on Exhibit Lease -2 attached hereto (the “ **Demised Premises**”).

2.1.1 Revenue Leases. The parties acknowledge that certain space within the Demised Premises is currently occupied by lessees that have leases with the County as lessor (“**Revenue Leases**”) depicted on Exhibit Lease -3 attached hereto. Effective on the date hereof, lessor's interest in the Revenue Leases shall be assigned to the District.

### 2.1.2 Special Provisions.

2.1.2.1 Governmental Uses Space. Prior to the Leaseback Termination Date, the County shall identify to the District certain portions of the Demised Premises for which the County must retain access for governmental uses administered by the County (“**Governmental Uses Space**”). During the term of this Lease, the District shall provide sufficient space for preparation and conduct of hearings by the Maricopa County Attorney's Office, the Maricopa County Public Defender's Office and the Maricopa County Superior Court pursuant to A.R.S. Title 36 in substantially the same manner and type that such hearings have been conducted prior to the Leaseback Termination Date.

2.1.2.2 Health Plans Office Space. The parties acknowledge that certain space within the Demised Premises is currently occupied by the County in connection with the administration and operation of the Health Plans (“ **Health Plans Offices Space**”), and the parties agree that the County may retain the right to occupy the Health Plans Office Space during the Lease Term in connection with the operation of the Health Plans. If and when the County ceases to use all of the Health Plans Office Space for a period of at least twenty -one (21) consecutive days, the County’s right to use the Health Plans Office Space shall terminate on the twenty -second (22<sup>nd</sup>) day following the last day of County use of the Health Plans Office Space in connection with the operation of the Health Plans.

2.1.2.3 Public Health Services Space. The parties acknowledge that certain space within the Demised Premises is currently occupied by the County in connection with the administration of public health services (“ **Public Health Services Space**”), and the parties agree that the County may retain the right to occupy the Public Health Services Space during the Lease Term.

2.1.2.4 Abatement. If no DSH Triggering Event has occurred and the District is not paying the County any rent under this Lease, then the County may use and occupy the Governmental Uses Space, the Health Plans Office Space and the Public Health Services Space at no charge, except that the County shall reimburse the District for incremental utilities pursuant to Article 14 of this Lease and other incremental costs and expenses attributable to the County’s use of such spaces.

2.1.2.5 No Abatement. If a DSH Triggering Event occurs, then the County shall pay initial rents in an amount equal to the then current Annual Fixed Rent per square foot of space allocated to the County. Rent for Governmental Uses Space, Health Plans Office Space and Public Health Services Space shall be adjusted in the same manner as the Annual Fixed Rent is adjusted pursuant to Section 4.3 of this Lease. If a DSH Triggering Event has occurred, and if thereafter the DSH Deficiency arising out of such DSH Triggering Event has been paid to the County, then the County shall have no obligation thereafter to pay rent under this Section 2.1.2.5 until a subsequent DSH Triggering Event occurs, in which case the County shall pay rent for the Governmental Uses Space, Health Plan Office Space and Public Health Services Space, adjusted in the same manner as the Annual Fixed Rent is adjusted pursuant to Section 4.3 of this Lease until the DSH Deficiency arising out of the subsequent DSH Triggering Event has been paid.

2.1.2.6 Medical Center Security Agreement. Contemporaneously herewith the District will execute a security agreement (“ **Medical Center Security Agreement**”) substantially in the form of Exhibit Lease -4 attached hereto, granting the County a security interest in District funds (“ **Special Payments**”) held by the Treasurer and authorizing County access to such funds in the event of a DSH Triggering Event in order to collect amounts owed to the County pursuant to this Lease.

2.1.2.7 Statutory Requirements. The Demised Premises shall be operated pursuant to A.R.S. § 48-5501, as amended, which is hereby incorporated by reference.

### ARTICLE 3. LEASE TERM AND COUNTY OVERSIGHT .

#### 3.1 Term .

3.1.1 Leasehold Interest. The leasehold interest created hereby shall be effective, and the initial Lease term shall commence at 12:01 a.m. on November 1, 2004 (the “**Lease Date**”), except as provided in Section 3.1.2 of this Lease. The initial Lease term shall expire at 11:59 p.m. on the day that is twenty (20) years after the day that the tax authorized pursuant to A.R.S. § 48-5565 is first levied (the “**Lease Term**”), unless sooner terminated pursuant to this Lease or extended by modification of this Lease. Following the levy of such tax, the parties will exchange a certificate attesting to the date that such tax is first levied and acknowledging the date that is twenty (20) years after such levy. Provided there are no uncured Events of Default, the term shall automatically renew every ten (10) years thereafter, unless either party gives the other notice of an election to terminate this Lease no later than one hundred eighty (180) days prior to the termination of the then current term of this Lease.

3.1.2 Leaseback Contingency. This Lease shall be subject to the provisions of the leaseback of the entire Delivery System to the County pursuant to Section 2.1.1 of the Master IGA.

#### 3.2 Administration .

3.2.1 County Contract Administrator . This Lease and the Related Agreements shall be administered on behalf of the County by the County Contract Administrator. Prior to the Leaseback Termination Date, the County shall notify the District of the individual who will serve as the initial County Contract Administrator. Thereafter, the County may, in the exercise of its sole discretion, replace the County Contract Administrator; provided, however, that the County must give the District notice of such replacement within two (2) Business Days following such replacement.

3.2.2 District Contract Administrator . This Lease and the Related Agreements shall be administered on behalf of the District by the District Contract Administrator. Prior to the Leaseback Termination Date, the District shall notify the County of the individual who will serve as the initial District Contract Administrator. Thereafter, the District may, in the exercise of its sole discretion, replace the District Contract Administrator; provided, however, that the District must give the County notice of such replacement within two (2) Business Days following such replacement.

#### 3.3 Authority to Act .

3.3.1 County Contract Administrator . The County Contract Administrator may act on behalf of the County on all matters relating to this Lease and the Related Agreements except in the event that (i) such independent action is prohibited by law; (ii) the express terms of this Lease or any Related Agreements require action by the County Board of Supervisors or the County Administrative Officer; or (iii) the County Contract Administrator has been expressly directed to obtain approval from the County Board of Supervisors or the County Administrative Officer and the District Contract Administrator is notified thereof.

3.3.2 District Contract Administrator . The District Contract Administrator may act on behalf of the District on all matters relating to this Lease and the Related Agreements except in the event that (i) such independent action is prohibited by law ; (ii) the express terms of this Lease or any Related Agreements require action by the District Board of Directors or the District Administrative Officer; or (iii) the District Contract Administrator has been expressly directed to obtain approval from the District Board of Directors or the District Administrative Officer and the County Contract Administrator is notified thereof.

#### ARTICLE 4. RENT .

4.1 Rent . During the remainder of the County Fiscal Year in which the Lease Date occurs and for the first District fiscal Year thereafter, the annual rent (“ **Annual Fixed Rent**”) shall be Five Million Two Hundred Thirty Thousand Dollars (\$5,230,000.00) per annum (which in the case of the first partial District Fiscal Year shall be prorated based on the number of months remaining in such year), accruing in advance in equal monthly installments of Four Hundred Thirty -Five Thousand Eight Hundred Thirty -Three Dollars and Thirty -Four Cents (\$435,833.34). Actual payment by the District of the Annual Fixed Rent shall be deferred as long as a DSH Triggering Event has not occurred. Accrued and deferred Annual Fixed Rent shall be payable on demand in the event of a DSH Triggering Event pursuant to Section 4.3.2.5 of this Lease. The Annual Fixed Rent shall be adjusted on June 30, 2006, and thereafter at the end of every District Fiscal Year during the Lease Term (the “ **Adjustment Date**”) as described in Section 4.3 of this Lease.

4.2 Comprehensive Health Care Center . As a credit against the Fixed Annual Rent, the District shall pay when due, rent for that portion of the Demised Premises dedicated to the Comprehensive Health Care Center (“ **CHC**”) in an amount that equals the debt service as of the Lease Execution Date on the CHC facility (“ **CHC Rent**”). The amount of CHC Rent and the schedule of payments are set forth on Exhibit Lease -5 attached hereto.

4.3 Adjustment . Commencing with the District Fiscal Year beginning on July 1, 2006, and for each District Fiscal Year thereafter, the Annual Fixed Rent shall also accrue in advance in equal monthly installments on the first Business Day of each month, but the amount of the Annual Fixed Rent for the then current District Fiscal Year shall be adjusted by multiplying Five Million Two Hundred Thirty Thousand Dollars (\$5,230,000.00) by a fraction, the numerator of which shall be the CPI Index for May of the prior Fiscal Year, and the denominator of which shall be the CPI Index for May 2005; provided, however, that in no event shall the Annual Fixed Rent for the current District Fiscal Year be less than the Annual Fixed Rent for the prior District Fiscal Year. For purposes of illustration, the fraction for computing the adjustment required by this Section 4.3 for the Fiscal Year beginning on July 1, 2008, will be computed by dividing the CPI Index for May 2008 by the CPI Index for May 2005.

4.3.1 Discontinuance of CPI Index . In the event that the CPI Index shall no longer be published, then another index published by another federal or State agency shall be substituted by agreement of the parties; provided, however, that if the parties cannot agree on a new index with which to calculate the Annual Fixed Rent for the then current Fiscal Year, such new index shall be selected by the Neutral Evaluator.



#### 4.3.2 Disproportionate Share Program Protection .

4.3.2.1 Acknowledgement. The County and the District acknowledge that A.R.S. § 48-5561.01 (“ **DSH Protective Legislation**”), enacted as of the effective date of this Lease, requires the Maricopa County Treasurer (“ **Treasurer**”) to withdraw funds of the District deposited with the Treasurer in an amount equal to certain payments (“ **Special Payments**”) paid to the District pursuant to A.R.S. § 36-2903.01. The DSH Protective Legislation requires the Treasurer to transfer a portion of such funds (the “ **Transferred Funds**”) to the County. The amount of the Transferred Funds shall be determined by the Joint Legislative Budget Committee (“**JLBC**”), based on the amount of the Special Payments. The amount determined by the JLBC shall be referred to herein as the “ **County DSH Reimbursement Amount**.” The difference between the amount of Transferred Funds actually transferred to the County and the amount actually withheld from the County by the State Treasurer shall be referred to herein as the “ **DSH Deficiency**.”

4.3.2.2 Notice. Pursuant to the DSH Protective Legislation, if at any time the Treasurer is not able to or otherwise fails to withdraw funds from the District and deposit such funds to the account of the County, the Treasurer must notify the Arizona State Treasurer (“**State Treasurer**”) so that the State Treasurer will thereafter cease withholding revenues of the County in connection with the distribution of Special Payments to the District.

4.3.2.3 Fund Transfer IGA. The County and the District have entered into the “**Fund Transfer IGA**” as of the date hereof pursuant to the Master IGA.

4.3.2.4 DSH Triggering Event. A “**DSH Triggering Event**” shall occur on an annual basis in any fiscal year of the District if: (i) the District has received Special Payments; (ii) all or part of the Transferred Funds are not deposited to the County General Fund pursuant to the Fund Transfer IGA; (iii) the State Treasurer withholds revenues from the County greater than the amount of the Special Payments transferred from the District to the County; and (iv) the DSH Deficiency is not otherwise satisfied.

4.3.2.5 Remedies. Upon the occurrence of a DSH Triggering Event, all accrued Annual Fixed Rent (less paid CHC Rent) and the present value of all future Annual Fixed Rent payments shall be due and payable, but not to exceed the amount of a DSH Deficiency. The value of future Annual Fixed Rent payments will be calculated by increasing each previous year’s Annual Fixed Rent payment by the average of the CPI Index for the five (5) consecutive calendar years prior to the date that the present value computation is determined pursuant to this Section 4.3.2.5. The discount rate for determining present value of the future Annual Fixed Rent payments shall be based on the average rate of return available to the County in the County Treasurer’s Investment Pool during the twelve (12) month period immediately prior to the DSH Triggering Event.

4.3.2.6 Manner of Payment. In the event of a DSH Triggering Event, the Annual Fixed Rent payment shall be deemed and construed to be a “net lease” payment, and the District shall pay to the County, absolutely net, the Annual Fixed Rent, free of any charges, assessments, or deductions of any kind and without abatement, deduction or set-off whatsoever until such time that the DSH Triggering Event has been cured, as set forth in the Fund Transfer

IGA. The parties acknowledge and agree that the Treasurer may make such payments by internal adjustments to District and County accounts pursuant to the Fund Transfer IGA.

4.4 No Claims Against the County. Nothing contained in this Lease shall constitute any consent or request by the County, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect to the Demised Premises or any part thereof, or as giving the District any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against the County. Any labor, services or material furnished in connection with the fulfillment of the District's obligations under this Lease or the Related Agreements shall be the sole responsibility of the District.

#### ARTICLE 5. RECORDATION OF MEMORANDUM OF LEASE.

5.1 Contemporaneously with the execution hereof, the County and the District shall execute and acknowledge a Memorandum of Lease in the form of Exhibit Lease -1, which shall be recorded as of the Lease Date in the official records of Maricopa County, Arizona.

#### ARTICLE 6. ACCESS TO BE PROVIDED BY THE DISTRICT TO THE COUNTY.

6.1 Medical Library. The District shall permit Public Health Services and Correctional Health staff, agents and employees access to all services available at the medical library located in the Medical Center.

6.2 Ethics and Research Committees. To the extent permitted by law, the District shall permit Public Health and Correctional Health staff, agents and employees to participate in the Medical Center's Ethics and Research Committees consistent with State and federal laws, rules and regulations.

6.3 Abated Rent Spaces. The District shall provide Governmental Uses Space, Health Plans Office Space and Public Health Services Space pursuant to Section 2.1.2 of this Lease.

6.4 Graduate Medical Education, Continuing Medical Education and Continuing Educational Units Programs. The District shall permit Public Health and Correctional Health physicians and nursing staff access to Graduate Medical Education, Continuing Medical Education and Continuing Educational Units programs provided by the District at the Medical Center, and the District may charge a reasonable and customary fee for such education.

6.5 Graduate Medical Education. The parties acknowledge that one of the primary purposes of the Demised Premises is to support and facilitate medical and public health research and clinical education for health care professionals and paraprofessionals. The District shall at all times during the Lease Term, use reasonable efforts in its sound business judgment and conduct and maintain graduate medical education programs which reflect the needs of the community and the health care industry. Such training programs shall be conducted in a manner fully approved by the Accreditation Council for Graduate Medical Education. The District shall provide graduate medical education programs substantially similar to the levels and categories of training in place and in force as of the Leaseback Termination Date.

6.6 Health Professional and Allied Health Education . The District shall at all times during the Lease Term use reasonable efforts in its sound business judgment to provide clinical training education and experience for health care professional and technical students at levels and in categories of training that reflect the needs of the community and the health care industry.

#### ARTICLE 7. CONDITION OF PROPERTY .

7.1 Condition of Property and Disclaimer of Warranty . Except as provided in Section 7.2. 1 of this Lease, the District shall accept the Premises on an “ as is” basis and in the condition (including, without limitation, all faults, imperfections, defects, flaws and weaknesses) exist ing as of the Leaseback Termination Date. THE DISTRICT UNDERSTANDS AND AGREES THAT THE COUNTY HAS NOT MADE AND DOES NOT HEREBY MAKE ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE CONCERNING THE DEMISED PREMISES. EXCEPT AS PROVIDED IN SECTION 7.2. 1 OF THIS LEASE, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED ARE EXCLUDED FROM THIS LEASE AND SHALL NOT APPLY IN ANY RESPECT TO THE PREMISES. The provisions of this Section 7.1 are for the sole and exclusive benefit of the County, its agents and employees.

7.2 District Release . The County has not made, and does not make, any representations, warranties, promises, covenants, agreements or guaranties of any kind whatsoever, whether express or implied, oral or written, relating to the Premises, except for the representations and warranties set forth in the IGA. Any information relating to the Premises furnished to the District by the County is furnished on the express condition that the District shall have made an independent verification of the accuracy of such information, all of which is furnished without warranty. The District further acknowledges and agrees that the County has no obligations to make repairs, replacements o r improvements, except as provided in Section 7.2.1 of this Lease.

7.2.1 Environmental Liability . A Phase I Environmental Assessment of the Demised Premises has been accomplished and has recommended additional investigation. Such recommended investigation shall be referred to herein as the Phase II Environmental Assessment. If the Phase II Environmental Assessment recommends environmental remediation (other than asbestos abatement), the parties will confer as to an appropriate means of addressing such recommen dation. The parties acknowledge that asbestos abatement efforts are continuing. The County shall complete scheduled asbestos abatement efforts through the Leaseback Termination Date, and the District shall be responsible for asbestos abatement efforts th ereafter.

#### ARTICLE 8. USE.

8.1 Deed Restrictions. The District shall occupy and use the Demised Premises in compliance with and as permitted by the State -imposed deed restriction (“ **Deed Restriction**”) attached hereto as Exhibit Lease -6.

8.2 Compliance with Law . The District shall operate the Demised Premises in accordance with all Federal, State and local laws, rules and regulations. The District shall not

without the County's prior written consent: (i) assign, transfer or pledge the CHC or any part thereof or any interest therein, (ii) sublet the CHC or any part thereof, or (iii) permit the CHC to be used or possessed by any person for any purpose which violates Section 141 of the Internal Revenue Code. The District shall notify the County of any proposed change in the use or tenancy of the CHC. If the County determines that such a proposed change would violate Section 141 of the Internal Revenue Code, the County will use its best efforts to restructure or refinance the debt to allow such a change in use. The cost of such debt restructuring or refinancing shall be a District expense. If, in the opinion of Greenberg, Traurig, LLP, or another nationally recognized firm of attorneys practicing in the field of municipal bonds, a violation of Section 141 of the Internal Revenue Code has occurred prior to the Leaseback Termination Date, the County shall be financially responsible for appropriate corrective action and shall indemnify the District for any and all costs and liability arising out of such violation.

8.3 Operational Restriction. The District shall not permit any abortion on the Demised Premises unless such abortion is necessary to save the life of the woman or is otherwise required by law. The following restriction shall be placed in all agreements involving facilities under the jurisdiction of the District:

“No abortion shall be performed in the subject facility unless such abortion is necessary to save the life of the woman or is otherwise required by law.”

#### ARTICLE 9. MAINTENANCE AND REPAIRS.

9.1 At all times during the Lease Term, the District shall keep and maintain the Demised Premises as a facility providing quality health care to patients in a good, safe and attractive condition (reasonable wear and tear excepted) in compliance with customary industry standards and all Legal Requirements, including, without limitation, health, safety, environmental, building and fire codes, laws and regulations.

#### ARTICLE 10. NEGATIVE COVENANTS OF THE DISTRICT.

10.1 Prohibition Against Assignment of Lease. The District shall not assign, sublet, subcontract or transfer, or attempt to assign, sublet, subcontract or transfer, any of the District's rights or interests in this Lease without the prior written approval of the County, which approval shall not be unreasonably withheld.

10.2 Encumbrances. The District shall not grant a lien or security interest in the Demised Premises to collateralize an obligation of the District or guaranty, except for the permitted encumbrances set forth below (collectively, the “ **Permitted Encumbrances**”):

10.2.1 Any encumbrance created by this Lease.

10.2.2 Any encumbrance against the District arising out of a dispute in litigation or a judgment, so long as the claim in the litigation or the finality of such judgment is being contested and execution thereon is stayed.

10.2.3 Any encumbrance created to finance an improvement in or on the Demised Premises, subject to County approval, which shall not be unreasonably withheld.

#### ARTICLE 11. INDEMNITIES.

11.1 Indemnity to County. The County shall not be liable for, and the District shall defend, indemnify and hold the County, its departments, agencies, officers and employees, harmless on a current basis for, from and against claims, expenses, loss, damage, demand, liability or judgment of any nature whatsoever that is caused by or relates to any activity, condition or event arising out of any condition or operation of the Demised Premises or the performance or non-performance by the District of the provisions of this Lease or any Related Agreement, and occurring after the Leaseback Terminate Date, whether such condition or event occurs on or off the Demised Premises, together with any expenses, including, without limitation, reasonable costs of investigation and reasonable attorneys' fees, incurred by the County in connection with the defense of any such claim, demand or liability, including, without limitation, the following:

11.1.1 any accident, injury to or death of persons (including workmen) or loss of or damage to property occurring on or about the Demised Premises or any part thereof;

11.1.2 any use of the Demised Premises or any part thereof except for uses of the Governmental Uses Space, the Health Plans Office Space and the Public Health Services Space;

11.1.3 any failure on the part of the District to perform or comply with any of the terms of this Lease or any Related Agreement;

11.1.4 performance of any labor or services or the furnishing of any materials or other property with respect to the Demised Premises or any part thereof, except for labor or services or the furnishing of any materials or other property with respect to the Governmental Uses Space, the Health Plans Office Space and the Public Health Services Space; and

11.1.5 all claims for loss or damage to the Demised Premises uncompensated by the District's insurance (other than claims arising out of the acts or omissions of the County or any of its employees, officers, agents and invitees).

11.2 Indemnity to District. The District shall not be liable for, and the County shall defend, indemnify and hold the District, its officers, director and employees, harmless on a current basis for, from and against any (i) any claim, expense, loss, damage, demand, liability or judgment resulting from any misstatement, error or omission in any of the representations or warranties of the County set forth in this Lease or any Related Agreement; (ii) any liability arising prior to the Leaseback Termination Date; and (iii) any claim for loss or damage to the Demised Premises arising out of the use of the Governmental Uses Space, the Health Plans Office Space and the Public Health Services Space by the County or any of its officers, employees, agents or invitees, together with any expenses, including reasonable costs of investigation and reasonable attorneys' fees, incurred by the District in connection with the defense of any such claim, demand or liability.

11.3 Concerning Indemnification. Promptly upon receipt by any party to this Lease (the “**Indemnatee**”) of any claim or demand or of any notice of the commencement of any litigation or other proceeding for which the other party hereto (“**Indemnitor**”) is obligated to defend, indemnify and/or hold such other party harmless, the Indemnatee shall notify the Indemnitor thereof. No failure by the Indemnatee to so notify the Indemnitor shall relieve the Indemnitor of any obligation to so defend, indemnify or hold the Indemnatee harmless imposed by this Lease, unless and except to the extent that the failure to provide notice prejudices the defense of such claim, demand or litigation. Upon demand by the Indemnatee, the Indemnitor shall resist or defend such claim, action or proceeding in the Indemnatee’s name, if necessary, by the attorneys for Indemnitor’s insurance carrier, or otherwise by such attorneys as the Indemnitor selects and the Indemnatee approves. Notwithstanding the foregoing, after notice to Indemnitor, the Indemnatee may engage its own attorneys to defend it or assist in its defense, and the Indemnitor shall pay the reasonable fees, costs and disbursements of such attorneys. The Indemnatee shall as a condition to the indemnification by the Indemnitor from and against any such claim, demand or litigation: (i) cooperate with the Indemnitor in the defense of such claim, demand or litigation and (ii) so long as the Indemnitor provides assurances satisfactory to the Indemnatee that funds (by insurance or otherwise) are available and sufficient to satisfy any such claim, demand or litigation, the Indemnatee will not, without the written consent of the Indemnitor, settle, compromise or make payment on account of such claim, demand or litigation.

In the event of a claim (“**Third Party Claim**”) arising out of the conditions of the Demised Premises brought by any third party, including any State or federal governmental agency, neither the District nor the County shall be liable to the other regarding such claim, except for claims arising out of any act or omission of the County or the District (including their respective officers, employees and agents). In the event of a Third Party Claim, if the claimant obtains a final, non -appealable judgment of liability arising out of any act or omission of the County or the District (including their respective officers, employees and agents), and if pursuant to such judgment the County or the District is liable for the acts or omissions of the other party, then the party against whom liability is asserted (the “**Party Not at Fault**”) based on the other party’s acts or omissions (the “**Party at Fault**”) shall be indemnified by the Party at Fault.

11.4 Survival of Indemnity Obligations. The obligations of the parties under this Article 11 shall survive the termination of the Lease Term.

## ARTICLE 12. REPRESENTATIONS, WARRANTIES AND COVENANTS.

12.1 Representations, Warranties and Covenants of District. The representations and warranties of the District set forth in the Master IGA are incorporated herein by reference.

12.2 Representations and Warranties of County. The representations and warranties of the County set forth in the Master IGA are incorporated herein by reference.

## ARTICLE 13. TAXES.

13.1 Taxes and Other Charges. To the extent arising during the Lease Term, the District will pay, as the same respectively becomes due all Impositions lawfully assessed or levied against or with respect to any of the Demised Premises or any of the District Personal

Property and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Demised Premises; provided, however, that, with respect to special assessments or other governmental charges that may be lawfully paid in installments over a period of years, the District shall be obligated to pay only such installments as are required to be paid with respect to the period in which this Lease is in effect. Irrespective of the termination of this Lease, the District shall indemnify, defend and hold the County harmless for, from and against all cost and liability by reason of a failure of the District to comply with any such law or regulation or failure to pay promptly any Impositions that are the legal responsibility of the District and which accrued following the Leaseback Termination Date.

13.2 Contest of Impositions. The District may contest the legal validity or amount of any Imposition for which the District is wholly or partially responsible hereunder, and the District may institute any such proceedings as it considers necessary therefore, without undue delay, and shall prosecute such proceedings to a final determination with reasonable dispatch. Any such proceedings to contest the validity or the amount of an Imposition or to recover any Imposition paid by the District shall be prosecuted solely by the District, and the County shall not be obligated to initiate or assist the District in such action except as set forth below. If the District contests any Imposition, the District shall notify the County prior to such contest and the District may withhold or defer payment or make payment of the Imposition under protest unless, by such action, the title of the County to any part of the Demised Premises shall be materially endangered or the Demised Premises or any part thereof shall become subject to loss or forfeiture, in which event such Imposition shall be paid promptly by the District prior to the contest of such Imposition. If the District defers payment, the contest shall not be undertaken without there being segregated from the District's other accounts a sum of money equal to the amount of the applicable Imposition to be held as an indemnity to pay such Imposition upon conclusion of the contest as well as all interest and fines thereon and costs thereof which may be imposed upon the District, the County or the Demised Premises. The documents effectuating such segregation shall be subject to the reasonable approval of the County.

#### ARTICLE 14. UTILITY SERVICES.

14.1 Payment for utility services. The District will pay or cause to be paid before any delinquency shall occur all charges for all public or private utility services, including, without limitation, water and gas, electricity, telephone, and sewage at any time rendered to or in connection with the Demised Premises or any part thereof during the Lease Term and will comply in all respects with all contracts relating to such services.

14.2 County Reimbursement. In addition to the payment obligation of Section 2.1.2.4, the County shall reimburse the District for its prorata share of such utility services attributable to the use of the Governmental Use Space, the Health Plans Office Space and the Public Health Services Space. The County shall pay such amounts no later than thirty (30) days following receipt of an invoice therefore.

#### ARTICLE 15. QUIET ENJOYMENT.

15.1 By the District. Subject to all matters or conditions affecting title or possession of the Demised Premises existing at the commencement of the Lease Term and to the terms and

provisions of this Lease and the Related Agreements, the County covenants that the District shall have quiet and unhindered enjoyment to the extent of the District's use of the Demised Premises.

15.2 By Others. The District shall not disturb, trespass on or interfere with the business or occupancy of other lessees or occupants of any adjoining or contiguous building or property or owners of adjacent or contiguous property. In any event, the County shall not be liable to the District for any disturbance, trespass or interference by any such lessees, occupants or owners of any contiguous or adjacent property.

#### ARTICLE 16. INSURANCE.

16.1 Self Insurance. During the Lease Term, the District shall be insured pursuant to the District -County Self Insurance Trust IGA (the "**Insurance IGA**") as required by the Master IGA. If and when the Insurance IGA terminates, the District shall obtain insurance that satisfies the requirements set forth below in this Article 16.

16.2 District Insurance Policies. The District shall obtain at its own cost and expense, and keep in full force and effect during the term of this Lease and for any other periods that the District may use, occupy, or maintain all or any part of the Demised Premises, the types and amounts of insurance coverage described on Exhibit Lease -7. Such policies shall be written by an insurance carrier or carriers rated A -VIII or better, or its equivalent, according to the latest edition of Best's Guide Rating Book, duly registered with the Secretary of State of the State of Arizona and authorized to conduct business in the State of Arizona.

16.3 Names and Additional Insureds. Under the insurance policies required by this Article 16, the District shall be the named insured and the County and its respective agents, officials and employees shall be additional insureds.

#### 16.4 General Provisions.

16.4.1 Endorsements. Each of the insurance policies required by Section 16.2 shall stipulate that the insurance afforded by such insurance policies shall be primary insurance and that any other insurance, self -insured retention, deductibles, or risk retention trusts maintained or participated in by the District, the County or their agents, officials or employees shall be excess and not contributory to such insurance; provided, however, that insurance policies required under the Related Agreements shall be primary in accordance with the terms of such insurance policies.

16.4.2 Waiver. The District shall cause insurers providing the insurance policies required by Section 16.2 to waive all rights of recovery against the District, the County, and their respective agents, officials and employees. The District waives all rights of recovery against the County, to the extent permitted by law, for any loss or damage covered by insurance proceeds received by the District, unless the District's failure to receive such proceeds arises out of an act or omission of the District, in which case, the District waives all such rights of recovery notwithstanding the failure to receive insurance proceeds. The County waives all rights of recovery against the District, to the extent permitted by law, for any loss or damage covered by insurance proceeds received by the County, unless the County's failure to receive such proceeds



arises out of an act or omission of the County, in which case, the County waives all such rights of recovery notwithstanding the failure to receive insurance proceeds.

16.4.3 No Limit on Obligations. Any insurance required under this Lease shall in no way limit the District's obligations under this Lease, and shall not be construed to relieve the District from liability with respect to any deductible and/or self retention provisions which may be contained in the insurance policies required under Section 16.2 and which may be applicable to any claim or loss for which insurance coverage is provided, nor from any other liability in excess of such insurance coverage.

16.4.4 Delivery of Documents. At least thirty (30) days before the termination of the Insurance IGA, the District shall deliver for review and approval by the County the form of insurance policies to be furnished pursuant to Section 16.2 of this Lease. Upon the termination of the Insurance IGA, the District shall deliver fully executed originals of the insurance policies furnished pursuant to Section 16.2 of this Lease (or certificates of insurance) in a form reasonably acceptable to the County. Thereafter, the District shall deliver to the County not less than thirty (30) days prior to the expiration dates of the insurance policies furnished pursuant to this Article 16, originals of the insurance policies or certificates of insurance in a form reasonably acceptable to the County, unless a period of time shorter than thirty (30) days is necessary due to the inability of the District to place such insurance after making diligent efforts to do so. In such case, the District shall deliver the required documents under this Section 16.4.4 to the County upon receipt, but no later than twenty-four (24) hours prior to the expiration dates of the then current insurance policies. Upon the delivery of such fully executed insurance policies or certificates of insurance, the District shall also deliver evidence satisfactory to the County of payment of the first installment of all premiums.

16.4.5 Other Provisions. All insurance coverage required by this Article 16 must provide that (i) no material change, modification, cancellation or termination of such insurance coverage shall be effective until at least thirty (30) days after written notice thereof has been received by the County; and (ii) such insurance shall not be invalidated by an act, omission or negligence of the County, the District, any contractors or subcontractors of the District or the County or any person or entity having an interest in the Demised Premises or by any foreclosure, process or other proceedings or notices thereof relating to the Demised Premises, nor by any change in title ownership or management of the Demised Premises.

16.5 Insurance Review. All insurance policies required by this Lease shall be reviewed by the County and the District not less than every three (3) years for the purpose of mutually agreeing to increase or decrease the minimum limits and deductibles of such insurance policies to amounts which may be reasonable and customary for facilities of similar size and operation to the Demised Premises; provided, however, that pending such mutual agreement the then current insurance policies shall remain in effect.

16.6 Coverage by the County. In the event the District shall fail to obtain or maintain any of the insurance policies required by this Lease, then the County shall have the right, but not the obligation, to obtain such insurance policies at the District's sole cost and expense. The District must pay all premiums and costs associated with or attributable to any and all such insurance policies.

ARTICLE 17. PROVISIONS RESPECTING DAMAGE AND DESTRUCTION .

17.1 Insubstantial Damage. In the event of Insubstantial Damage to the Demised Premises:

17.1.1 No Abatement. There shall be no abatement or reduction in any payments (deferred or otherwise) required of the District under this Lease as a result of such Insubstantial Damage;

17.1.2 Repair. The District and the County will cooperate to promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications as the County and the District deem appropriate; provided, however that the obligation to pay for such repair, rebuilding or restoration shall be governed by Sections 17.1.4 and 17.2.4 of this Lease;

17.1.3 No Termination . This Lease shall not be terminated by either party in the event of Insubstantial Damage to the Demised Premises or any portion thereof; and

17.1.4 Payment of Costs. The costs of repairing Insubstantial Damage or otherwise replacing or rebuilding the Demised Premises will be paid solely from available insurance proceeds;provided, however, that if available insurance proceeds are not sufficient to pay such costs, the District may (in the exercise of its sole and absolute discretion) elect to modify the scope of repair so that the cost of such repair does not exceed the amount of available insurance proceeds, except that if the damage is to the CHC, if the District elects not to repair the CHC, and if there is outstanding CHC Rent (as set forth on Exhibit Lease-5), the District shall use available insurance proceeds to pre-pay the CHC Rent. Notwithstanding the foregoing provisions of this Section 17.1 , to the extent such damage or destruction is due to any fault, error, omission by a party to this Lease or is due to any breach of this Lease or any other Related Agreement or to the extent such damage or destruction is not covered by insurance required pursuant to Section 17.1 of this Lease due to a breach of this Lease, the party committing such fault, error, omission or breach shall pay the amount by which the cost of repairs exceeds available insurance proceeds.

17.2 Substantial Damage. In the event of Substantial Damage to the Demised Premises at any time prior to the last five (5) years of the Lease Term:

17.2.1 Notice. The District must promptly notify the County of such Substantial Damage.

17.2.2 Repair. If available insurance proceeds are sufficient to pay to repair such Substantial Damage, the parties shall cooperate to promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications as the County and the District deem appropriate. If available insurance proceeds are not sufficient to pay for the cost of such repair, the District may (in the exercise of its sole and absolute discretion) either elect to modify the scope of repair so that the cost of such repair does not exceed the amount of available insurance proceeds or elect to terminate this Lease pursuant to Section 17.2.4 of this Lease, except that if the damage is to the CHC, if the District elects not to repair the CHC, and if there

is outstanding CHC Rent (as set forth on Exhibit Lease-5), the District shall use available insurance proceeds to pre-pay the CHC Rent.

17.2.3 Damage Arising Out of Fault. Notwithstanding the foregoing provisions of this Section 17.2, to the extent such Substantial Damage is due to any fault, error, omission or any breach of this Lease or any other Related Agreement, or to the extent such damage or destruction is not covered by insurance required pursuant to Article 17 of this Lease due to a breach of this Lease, the party committing such fault, error, omission or breach shall pay the amount by which the cost of repairs exceeds available insurance proceeds.

17.2.4 Termination.

17.2.4.1 Substantial Damage at End of Lease Term. If the Substantial Damage occurs during the last five (5) years of the Lease Term, either party may elect to terminate the Lease and the Related Agreements upon one hundred twenty (120) days' prior written notice.

17.2.4.2 Election to Terminate. If the Substantial Damage does not occur during the last five (5) years of the Lease Term, the District may, in the exercise of its sole and absolute discretion, terminate this Lease and the Related Agreements no later than one hundred and twenty (120) days following the date of the Substantial Damage.

17.3 Insurance Proceeds. If the District elects not to repair the Substantial Damage, all insurance proceeds paid under the insurance policies required under this Lease and any Related Agreement for damage to the Demised Premises shall be paid to the District. If the District elects to repair the Substantial Damage pursuant to Section 17.2.2 of this Lease, any excess insurance proceeds paid under the insurance policies required under this Lease shall be paid to the District.

ARTICLE 18. CONDEMNATION.

18.1 Taking. If after the Leaseback Termination Date all or any portion of the Demised Premises is taken by right of eminent domain, with or without litigation, or transferred in lieu of or under threat of such action (any such action to be referred to as a "**Taking**"), within seven (7) Business Days following the County's and/or the District's official written notice to the other of the Taking ("**Taking Date**"), the County and the District will determine how and whether to contest the proposed Taking. The County shall defend, in consultation with the District, any action filed which seeks a Taking.

18.1.1 Insubstantial Taking. In the event of an Insubstantial Taking, if the Condemnation Award resulting from the Insubstantial Taking is sufficient to pay the costs of restoring the Demised Premises to its state prior to the Taking Date, then the County and the District shall cooperate to promptly restore the Demised Premises in a manner that is substantially consistent with such prior state, provided, however, that the County's sole obligation to pay for such restoration will be to pay whatever condemnation proceeds that the County receives from the Condemnation Award.

18.1.2 Allocation of Condemnation Award. In the event of an Insubstantial Taking, if the Demised Premises is not restored as provided in Section 18.1.1 of this Lease or if any portion of the Condemnation Award is not required to pay for the restoration of the Demised Premises, then the Condemnation Award or such portion thereof shall be paid to the District.

18.1.3 Substantial Taking. In the event of a Substantial Taking, the District and the County shall have the right, at their respective options, exercisable at any time within ninety (90) days after the Taking Date, to terminate this Lease, in which event the parties shall be released from all future liability hereunder; provided, however, that no party shall be released from any liability hereunder that has accrued on or before such termination. The District shall receive that portion of the Condemnation Award that a court determines is properly allocable to the District's interest as such interest is described in this Lease, and the County shall receive the remainder of the Condemnation Award.

#### ARTICLE 19. EVENTS OF DEFAULT.

19.1 District Events of Default. Any one or more of the following specified events shall be a "**District Event of Default**":

19.1.1 Payment. Failure by the District to pay, when due, any payment in accordance with this Lease or any Related Agreement.

##### 19.1.2 Bankruptcy.

19.1.2.1 Voluntary. The District shall have commenced any case, proceeding or other action (i) under the United States Bankruptcy Code, or of any other existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to the District seeking to adjudicate the District a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding -up, liquidation, dissolution, discharge, composition or other relief with respect to the District or the debts of the District, or (ii) seeking appointment of a receiver, custodian or other similar official for the District for all or any substantial part of the District's assets, or the District shall make a general assignment for the benefit of the District's creditors.

19.1.2.2 Involuntary. There shall be commenced against the District any case, proceeding or other action which results in the entry of an order for relief or the appointment of a trustee under the United States Bankruptcy Code, which action is not stayed or dismissed within a period of one hundred twenty (120) days.

19.1.2.3 Assignment for Creditors. The District makes an assignment for the benefit of creditors or any reorganization, receivership, moratorium or other debtor-relief proceedings are commenced by or against the District.

19.1.2.4 Other. There shall be commenced against the District (i) any case, proceeding or other action seeking issuance of a writ of attachment, execution, distraint or similar process against all or any substantial part of the District's assets ("**District Writ**"), or (ii) any reorganization, receivership, moratorium or other debtor relief proceeding

which results in the entry of an order for any such relief (“ **District Proceeding**”), which District Writ or District Proceeding shall not have been vacated, discharged or stayed or bonded pending appeal within one hundred twenty (120) days from the entry thereof.

19.1.3 ADR. The District fails to comply with an award or determination issued pursuant to ADR.

19.1.4 Other Failures. The failure by the District to observe or perform any covenant, condition or agreement on its part to be performed or observed and not otherwise described in the forgoing provisions of this Section 19.1.

19.2 County Events of Default. Any one or more of the following specified events shall be a “ **County Event of Default**”:

19.2.1 Payment. Failure by the County to pay, when due, any payment in accordance with this Lease.

19.2.2 Bankruptcy.

19.2.2.1 Voluntary. The County shall have commenced any case, proceeding or other action (i) under the United States Bankruptcy Code, or of any other existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to the County seeking to adjudicate the County a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding -up, liquidation, dissolution, discharge, composition or other relief with respect to the County or the debts of the County, or (ii) seeking appointment of a receiver, custodian or other similar official for the County for all or any substantial part of the County’s assets, or the County shall make a general assignment for the benefit of the County’s creditors.

19.2.2.2 Involuntary. There shall be commenced against the County any case, proceeding or other action which results in the entry of an order for relief or the appointment of a trustee under the United States Bankruptcy Code, which action is not stayed or dismissed within a period of one hundred twenty (120) days.

19.2.2.3 Assignment for Creditors. The County makes an assignment for the benefit of creditors or any reorganization, receivership, moratorium or other debtor-relief proceedings are commenced by or against the County.

19.2.2.4 Other. There shall be commenced against the County (i) any case, proceeding or other action seeking issuance of a writ of attachment, execution, distraint or similar process against all or any substantial part of the Total System Property (“ **County Writ**”), or (ii) any reorganization, receivership, moratorium or other debtor relief proceeding (“ **County Proceeding**”) which results in the entry of an order for any such relief, which County Writ or County Proceeding shall not have been vacated, discharged or stayed or bonded pending appeal within one hundred twenty (120) days from the entry thereof.

19.2.3 ADR. The County fails to comply with an award or determination issued pursuant to ADR.

19.2.4 Other Failures. The failure by the County to observe or perform any covenant, condition or agreement on its part to be performed or observed and not otherwise described in the forgoing provisions of this Section 19.2.

19.3 Cure Periods.

19.3.1 Accelerated Cure. In connection with the District Events of Default described in Sections 19.1.1, 19.1.2, and 19.1.3 of this Lease, the County shall provide the District with written notice of such District Event of Default. The District then has five (5) Business Days within which to cure such District Event of Default. In connection with the County Events of Default described in Sections 19.2.1, 19.2.2 and 19.2.3 of this Lease, the District shall provide the County with written notice of such County Event of Default. The County then has five (5) Business Days within which to cure such County Event of Default.

19.3.2 Extended Cure. In connection with the District Events of Default described in Section 19.1.4 of this Lease, the County shall provide the District with written notice of such District Event of Default. The District then has thirty (30) days within which to cure such District Event of Default; provided, however, that if it is not reasonably possible to cure such District Event of Default within thirty (30) day period, such cure period will be extended so long as the District has commenced and thereafter diligently continues to pursue a cure for such District Event of Default. In connection with the County Event of Default described in Section 19.2.4 of this Lease, the District shall provide the County with written notice of such County Event of Default. The County then has thirty (30) days within which to cure such County Event of Default; provided, however, that if it is not reasonably possible to cure such County Event of Default within thirty (30) day period, such cure period will be extended so long as the County has commenced and thereafter diligently continues to pursue a cure for such County Event of Default.

19.4 Permitted Litigation. Subject to Section 19.5 of this Lease, in certain types of disputes, the nondefaulting party may, in addition to any other remedy at law or in equity, elect to bring an action in a court of competent jurisdiction. In the event of the Events of Default described in Sections 19.1.1, 19.1.2, 19.1.3, 19.2.1, 19.2.2 and 19.2.3 of this Lease (collectively, **“Permitted Litigation”**), the parties shall have all of the rights and remedies available at law or in equity as permitted pursuant to such Permitted Litigation, including, without limitation, the termination of this Lease and the other Related Agreements as ordered by a court of competent jurisdiction. All other disputes shall be resolved pursuant to Arbitration after first satisfying the requirements of Section 21.1 of this Lease.

19.4.1 Fees and Costs. All fees and costs associated with Permitted Litigation, including, without limitation, the prevailing party's reasonable attorneys' fees and costs and expert witness fees and costs, will be paid by the non-prevailing party. The determination of prevailing and non-prevailing party, and the appropriate allocation of fees and costs, will be included in any award by the court.

19.5 Specific Performance . Notwithstanding any other provision of this Lease, if either party breaches with regard to any of the provisions of this Lease, the nonbreaching party, at its option and following notice of default and opportunity to cure the same as provided in Section 19.3 of this Lease, may commence an action for specific performance to enforce the terms of this Lease if there is no adequate remedy at law.

19.6 Default Rate . Any amount not paid by one party to the other that is a County Event of Default under Section 19.2.1 of this Lease or is a District Event of Default under Section 19.1.1 of this Lease shall bear interest on and after the date such payment is due at the rate of ten percent (10%) per annum (“ **Default Interest**”).

19.7 No Remedy Exclusive . Except as set forth in Article 21 of this Lease, no remedy herein conferred upon or reserved to the County or the District is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease, any Related Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

## ARTICLE 20. TERMINATION .

20.1 Termination of Lease by the County . If the District has caused a District Event of Default that is Permitted Litigation, the County at its option may, upon the expiration of the applicable cure period, resort to any or all of the following remedies:

20.1.1 Take Possession. Without terminating this Lease, retain or take possession of any portion of the Demised Premises pursuant to the County’s statutory lien, with or without legal process;

20.1.2 Remove Persons or Property . Without terminating this Lease, enter or re-enter the Demised Premises and remove all persons and property therefrom, with or without legal process;

20.1.3 Terminate Lease . Declare this Lease and all Related Agreements terminated;

20.1.4 Damages. Sue for and receive any and all damages sustained by County, with or without terminating this Lease;

20.1.5 Reletting . Continue this Lease in effect and lease or relet the Demised Premises or any part thereof, from time to time, for such term or terms and at such rental or rentals and upon such other terms and conditions as the County in its reasonable discretion may deem advisable, with the right reserved to the County to make alterations and repairs to the Demised Premises at the District’s expense. Rentals received by the County from such reletting shall be applied as follows: first, to the payment of the cost of such reletting (including, without limitation, advertising costs, brokerage fees, reasonable attorneys’ fees and the costs of repairs, renovations, alterations and improvements to the Demised Premises relating to such reletting);

second, to the payments of Annual Fixed Rent or other amounts due hereunder; and the remainder of such rentals (if any) shall be held by the County, and applied in payment of future Annual Fixed Rent and other sums as the same may become due and payable hereunder. The District shall pay to the County, as soon as ascertained, the costs and expenses actually paid by the County in such reletting or in making such alternations and repairs. No such re-entry or taking possession of the Demised Premises by the County shall be construed as an election on the County's part to terminate this Lease unless a written notice of such intention is given to the District. Notwithstanding any such reletting without termination, the County may at any time thereafter elect to terminate this Lease for such previous breach; and/or

20.1.6 Other Remedies. Any and all other remedies available to County at law or in equity, including (without limitation) any remedy under the Related Agreements.

20.2 Termination of Lease by District. If the County has caused a County Event of Default that is Permitted Litigation, the District at its option may, upon the expiration of the applicable cure period, resort to any or all of the following remedies:

20.2.1 Terminate Lease. Declare this Lease and the Related Agreements terminated; and or

20.2.2 Damages. Sue for and receive any and all damages sustained by the District, with or without terminating this Lease.

20.3 Post-Termination Obligations. If the District terminates its obligations under this Lease pursuant to Section 20.2 of this Lease, the District shall continue to carry out its obligations hereunder, if directed to do so by the County, for a reasonable period of time to permit the selection of a replacement for the District under the Lease and the Related Agreements. The District shall be entitled to a commercially reasonable fee for its services after termination.

20.4 Limitation on Damages. In the event of a claim for damages against either party by the other party, the party claiming a right to recover damages shall be entitled to recover solely amounts then owed under this Lease and the Related Agreements. In no event may either party recover damages for future lost profits, business reputation and goodwill.

20.5 Termination of IGA. This Lease shall terminate upon the termination of the IGA.

## ARTICLE 21. MEDIATION AND ALTERNATIVE DISPUTE RESOLUTION.

21.1 Mediation. Subject to Section 19.5 of this Lease, in the event that there is a dispute hereunder which the parties cannot resolve between themselves, the parties agree that there shall be a thirty (30) day moratorium on arbitration pursuant to Exhibit Lease -12, during which time the parties agree to attempt to settle the dispute by nonbinding mediation before commencement of arbitration pursuant to Exhibit Lease-8. The thirty (30) day moratorium shall commence on the day that one party gives the other party notice of the commencement of mediation pursuant to this Section 21.1 ("**Mediation Commencement Date**"). The mediation shall be held under the commercial mediation rules of the American Arbitration Association. The matter in dispute shall be submitted to a mediator mutually selected by the County and the



District. In the event that the parties cannot agree upon the selection of a mediator within seven (7) days after the Mediation Commencement Date, then within three (3) days thereafter, either the County or the District may request the presiding judge of the Maricopa County Superior Court to appoint an independent mediator. The mediator selected shall have experience in mediating or arbitrating disputes involving public agencies in the State of Arizona. The cost of any such mediation shall be divided equally between the County and the District. The results of the mediation shall be nonbinding on the parties, and any party shall be free to initiate arbitration pursuant to Exhibit Lease -8 subsequent to the moratorium.

21.2 Alternative Dispute Resolution. Except for Permitted Litigation, the alternative dispute resolution process (“**ADR**”) provided for in Exhibit Lease -8 shall be the exclusive means for resolution of any and all disputes between the District and the County arising under, relating to or touching upon this Lease or its subject matter, the parties’ performance under this Lease, or any breach of this Lease, including, without limitation, original disputes as well as all disputes asserted as crossclaims, counterclaims, or claims for indemnity or subrogation.

## ARTICLE 22. COUNTY ACCESS TO PREMISES.

22.1 The County, and its respective authorized agents, employees and representatives, shall have the free and full access to the Demised Premises at all reasonable times upon reasonable notice to the District for the purpose of inspecting the condition and state thereof or for the purpose of determining that the District is at all times in compliance with this Lease and the Related Agreements; provided, however, that nothing contained herein shall create or imply any duty on the part of the County to make any such inspection. No such reasonable entry shall constitute an eviction of the District.

## ARTICLE 23. MISCELLANEOUS.

23.1 Estoppel Certificate by District. The District will execute, acknowledge and deliver to the County, within thirty (30) days of the County’s written request, a certificate certifying :

23.1.1 this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications);

23.1.2 the dates, if any, to which Annual Fixed Rent and other sums payable hereunder have been paid; and

23.1.3 no notice has been received by the District of any District Event of Default that has not been cured, except as to District Events of Default specified in said certificate.

23.2 Reliance. Any certificate provided pursuant to Section 23.1 of this Lease may be relied upon by any permitted prospective transferee or mortgagee of the County’s interest under this Lease.

23.3 Surrender. Upon the expiration or other termination of the Lease Term, the District shall quit and surrender the Demised Premises and the Improvements to the County in

good order and condition, ordinary wear and tear excepted. In the event the District removes any District Personal Property, the District shall repair any and all damages to the Demised Premises caused by such removal, provided, however, that the District may not remove such District Personal Property if the Lease Term is terminated due to a District Event of Default.

23.4 Provisions Subject to Applicable Law. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Lease invalid, unenforceable or not entitled to be recorded under any applicable law. If any provision of this Lease shall be held to be invalid, illegal or unenforceable, the validity of the other provisions of this Lease shall in no way be affected thereby.

23.5 No Waiver. No failure by the County or the District to insist upon the strict performance of any term of this Lease or to exercise any right, power or remedy upon a breach thereof, and no submission by the District or acceptance by the County of full or partial Annual Fixed Rent or other amounts due hereunder during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect, or in the respective right of the County or the District with respect to any other then existing or subsequent breach.

23.6 Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

23.7 Binding Effect. This Lease shall inure to the benefit of, and shall be binding upon, the County, the District and their respective successors and assigns.

23.8 Time of Essence. Time is of the essence of this Lease.

23.9 Additional Documents and Approval. The County and the District shall, whenever and as often as each shall be reasonably requested to do so by the other party, execute or cause to be executed any further documents, take any further actions and grant any further approvals as may be necessary or expedient in order to consummate the transactions provided for in, and to carry out the purpose and intent of, this Lease and the Related Agreements.

23.10 Consents and Approvals. Rights and prerogatives of consent and approval herein reserved to the County are for its sole and exclusive benefit and may be granted or denied as the County, in its sole discretion, deems appropriate. No consent, approval or the denial of same shall give rise to any claim by or liability to any third party. The County, to the extent permitted by law may delegate, by written notice to the District, the right to receive notices and the power to issue consents and approvals hereunder.

23.11 No Additional Waiver Implied by One Waiver. In the event any obligation contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder or a breach of the same obligation at a later date. No act or omission of either party shall constitute a waiver of any provisions hereof unless by written instrument executed by the parties hereto.

23.12 Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

23.13 Article and Section Captions. All Article and Section headings contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

23.14 Integration. This Lease and the Related Agreements contain the entire agreement between the parties hereto with respect to the transactions contemplated thereby and supersede all prior writing, negotiations and understandings. This Lease and the Related Agreements contain all of the covenants, representations, warranties and agreements between the parties with respect to the subject matter thereof and each party to this Lease and Related Agreements acknowledges that no representations, warranties, covenants, inducements, promises or agreements orally or otherwise have been made by any party or anyone acting on behalf of any party which are not embodied in this Lease and the Related Agreements and that no other agreement, statement, representation, warranty or covenant not contained in this Lease and the Related Agreements shall be valid.

23.15 Construction. Each party hereto hereby acknowledges that it was represented by counsel and participated equally in the drafting and negotiation of this Lease and that, accordingly, no court construing this Lease shall construe it more stringently against one party than against the other.

23.16 IRCA Compliance. The District agrees to comply with the Immigration Reform and Control Act of 1986 in performing its obligations under this Lease, and to permit inspection by County, after reasonable notice has been given by County for such inspection, of personnel records to verify such compliance.

23.17 Governing Law. This Lease is made, entered into and under and shall be construed in accordance with the laws of the State of Arizona.

23.18 Acknowledgment. Each party hereby acknowledges that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, "**County Counsel**") represent both parties to this Lease in accordance with the requirements of A.R.S. § 48-5541.01.M.2, and each party waives any claim of conflict of interest, which may arise by virtue of such representation of both parties to this Lease.

23.19 Notices. All notices and other communications required pursuant to this Lease must be in writing and must be sent to the appropriate party, and will be deemed properly given if sent by (i) personal delivery, (ii) express mail, postage prepaid, return receipt requested or (iii) certified United States mail, postage prepaid, return receipt requested, addressed as follows:

County: David Smith  
County Administrative Officer  
Maricopa County, Arizona  
301 West Jefferson, 10<sup>th</sup> Floor  
Phoenix, Arizona 85007  
Fax: 602 -506 -3328

With a copy to: Maricopa County Attorney  
301 West Jefferson, Suite 800  
Phoenix, Arizona 85003  
Fax: 602 -506 -8102

District: Maricopa County Special Health Care District  
2601 East Roosevelt  
Phoenix, Arizona 85008  
Fax: (602) 344 -5190

With a copy to: William J. Sims III  
Moyes Storey Ltd.  
1850 North Central Avenue, Suite 1100  
Phoenix, Arizona 85004  
Fax: (602) 274 -9135

Each party may by notice to the other specify a different address for subsequent notice purposes. Notice is effective on the date of actual receipt or three (3) Business Days after the date of mailing, whichever is earlier.

23.20 Amendments. This Lease may only be modified or amended by written agreement between the County and the District.

23.21 Force Majeure. The failure in performance by either the District or the County of any non-monetary obligation under this Lease shall not be deemed an event of default and shall not give rise to any right otherwise provided for in this Lease when such failure to perform is not within the control of such party and when such failure to perform an obligation is caused by war; insurrection; terrorism; strikes and lockouts; riots; floods; earthquakes; fires; acts of God; acts of a public enemy; epidemics; quarantine; or the exercise of police powers by any public or governmental agency or entity. An extension of time to perform non-monetary obligation due to such a cause shall be limited to the reasonable period of delay due to such cause, which period shall be deemed to commence from the time of the commencement of the cause.

23.22 Joint Venture. This Lease will not constitute, create, give rise to or otherwise recognize a joint venture agreement or relationship, partnership or formal business organization of any kind, and the rights and obligations of the parties shall be only those expressly set forth in this Lease, the Related Agreements and the Enabling Act.

23.23 Conflict of Interest. Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

23.24 Compliance with Law . The County and the District shall comply with all applicable statutes, laws, regulations, rules and professional standards. To the extent that any term or provision of this Lease is not in compliance with any such applicable statutes, laws, regulations, rules or professional standards, the County and the District shall negotiate in good faith to amend such term or provision so as to prevent or eliminate any such failure to comply.

23.25 Compliance with Intervening Acts . If legislation is enacted or a regulation is promulgated or a judicial or administrative decision is rendered that affects, or may affect, the legality of this Lease or adversely affects the ability of either party to perform its obligations or receive the benefits intended hereunder, then, within fifteen (15) days following notice by either party of such event, each party will negotiate in good faith a substitute agreement to this Lease which will carry out the original intention of the parties to the extent possible in light of such legislation, regulation or decision.

23.26 Judicial Interpretation . Should any provision of this Lease require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent prepared the same, it being agreed that both parties have participated in the preparation hereto.

23.27 Exhibits . Exhibits Lease - 1 through Lease-8 are attached to this Lease and by this reference throughout are incorporated into this Lease.

THE REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the undersigned County and the District each has caused its corporate name to be subscribed by its officers thereunto duly authorized as of the day and year first above written.

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public impro vement district of the State of  
Arizona

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Chairman, Board of Supervisors

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTES T:

ATTES T:

\_\_\_\_\_  
Clerk of the Board

\_\_\_\_\_  
Secretary of the Board

APPROVED AS TO FORM:

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy County Attorney

\_\_\_\_\_  
William J. Sims III  
Attorney for Maricopa County Special  
Health Care District

## **EXHIBITS**

Exhibit Lease-1	Memorandum of Lease
Exhibit Lease -2	Legal Description of Demised Premises
Exhibit Lease -3	Lessor' s Interest to be Assigned
Exhibit Lease -4	Medical Center Security Agreement
Exhibit Lease -5	CHC Rent Calculation
Exhibit Lease -6	Deed Restriction
Exhibit Lease -7	Insurance Requirements
Exhibit Lease -8	Alternative Dispute Resolution

## **EXHIBIT LEASE-1**

### **FORM OF MEMORANDUM OF LEASE**

WHEN RECORDED RETURN TO:

### **MEMORANDUM OF LEASE**

This is a Memorandum of Lease by and between Landlord and Tenant identified below. For good and valuable consideration, Landlord has leased to Tenant, and Tenant has leased from Landlord the premises described herein for the term stated upon the terms and conditions of that certain Medical Center Lease by and between Landlord and Tenant of even date herewith (as the same may be amended, modified, supplemented or restated) upon the following terms:

LANDLORD:	Maricopa County Attention: County Administrative Officer 301 West Jefferson, 10th Floor Phoenix, Arizona 85007
TENANT:	Maricopa County Special Health Care District 2601 East Roosevelt Street Phoenix, Arizona 85008
TERM:	Commencing on November 1, 2004 and terminating twenty (20) years after the date that a tax is first levied pursuant to A.R.S. § 48-5565.
DEMISED PREMISES:	See Exhibit A attached hereto.
RENEWAL OPTIONS:	Ten (10) year renewal options

The purpose of this Memorandum of Lease is to give record notice of the Lease and the rights created thereby, all of which are hereby confirmed and this shall not have the effect of in any way modifying, supplementing or abridging the Lease or any of its provisions as the same are now or may hereafter be in force and effect. In the event of any conflict between the provisions of the Lease and this Memorandum of Lease, the provisions of the Lease shall prevail.



IN WITNESS WHEREOF the undersigned Landlord and Tenant have executed this Memorandum of Lease on the Lease Execution Date effective on the Lease Date.

LANDLORD:

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chairman, Board of Supervisors

TENANT:

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF ARIZONA            )  
  ) ss.  
County of Maricopa            )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, by  
\_\_\_\_\_, Chairman of the Maricopa County Board of Supervisors,  
on behalf of Maricopa County.

(SEAL)

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA            )  
  ) ss.  
County of Maricopa            )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, by  
\_\_\_\_\_ of the Maricopa County  
Special Health Care District, on behalf of the Maricopa County Special Health Care District.

(SEAL)

\_\_\_\_\_  
Notary Public

## **EXHIBIT LEASE-2**

### **DEMISED PREMISES**

Land situated in Maricopa County, Arizona, legally described on Exhibit A hereto, together with all buildings, structures and other improvements existing thereon, comprising the hospital and related facilities located at 2601 East Roosevelt Street, Phoenix, Arizona, commonly known as Maricopa Medical Center, the hospital warehouse facility located at 2611 East Pierce, Phoenix, Arizona, and the Comprehensive Health Care Center located at 2523 East Roosevelt Street, Phoenix, Arizona, subject to existing Revenue Leases.

### **EXHIBIT LEASE-3**

#### **REVENUE LEASES – LESSOR' S INTEREST TO BE ASSIGNED**

Lease No. MC - 10135

META Services, Inc.  
2601 East Roosevelt  
Phoenix, Arizona

Lease No. MC - 10138

Arizona Department of Economic Security  
2601 East Roosevelt  
Phoenix, Arizona

Lease No. MC - 10140

Valley of the Sun Hospice Association  
d/b/aHospice of the Valley  
2601 East Roosevelt  
Phoenix, Arizona

Lease No. MC - 10142

Shriners Intermountain Hospital  
2601 East Roosevelt  
Phoenix, Arizona

Lease No. MC - 10143

Centerre Rehabilitation Hospital of Arizona, LLC  
2601 East Roosevelt  
Phoenix, Arizona

Lease No. MC - 10113

Crisis Nursery, Inc.  
2711 East Roosevelt  
Phoenix, Arizona

**EXHIBIT LEASE-4**

**FORM OF MEDICAL CENTER SECURITY AGREEMENT**

**EXHIBIT LEASE-5****CHC RENT CALCULATION**

<b>DATE</b>	<b>RENT AMOUNT</b>
January 1, 2005	\$300,645.00
July 1, 2005	\$1,089,582.00
January 1, 2006	\$281,185.00
July 1, 2006	\$1,111,747.00
January 1, 2007	\$259,972.00
July 1, 2007	\$1,136,713.00
January 1, 2008	\$241,421.00
July 1, 2008	\$1,154,584.00
January 1, 2009	\$217,373.00
July 1, 2009	\$1,179,316.00
January 1, 2010	\$191,326.00
July 1, 2010	\$1,209,854.00
January 1, 2011	\$163,461.00
July 1, 2011	\$1,238,574.00
January 1, 2012	\$134,178.00
July 1, 2012	\$1,267,177.00
January 1, 2013	\$103,545.00
July 1, 20 13	\$1,300,933.00
January 1, 2014	\$70,617.00
July 1, 2014	\$1,332,395.00
January 1, 2015	\$36,231.00
July 1, 2015	\$1,371,504.00

**EXHIBIT LEASE-6**  
**DEED RESTRICTION**

## **EXHIBIT LEASE-7**

### **INSURANCE REQUIREMENTS**

Property insurance involving coverage for improvements (less land) in an amount not less than 41,835,000.

## EXHIBIT LEASE-8

### ALTERNATIVE DISPUTE RESOLUTION

- A. The dispute resolution process (“**ADR Process**”) and remedies set forth herein shall apply to all disputes between the parties that cannot be resolved pursuant to Section 21.1 of the Lease.
- B. If an event of default is not cured within the applicable cure period, as defined in Section 19.3 of the Lease, the non-defaulting party may institute the ADR Process, pursuant to this Exhibit Lease-12.
- C. Any controversy or claim subject to the ADR Process shall be settled by by an arbitration process agreed to by the parties. In the event the parties are unable to agree upon such process within ten (10) days following the expiration of the thirty (30) day moratorium on arbitration required pursuant to Section 21.1 of the Lease, the arbitration shall be administered by the American Arbitration Association (“**AAA**”) in accordance with its Commercial Arbitration Rules (“**Rules**”) (except that the terms of this Lease and this Exhibit shall control over conflicting rules), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.
- D. The dispute shall be heard by a single arbitrator from a panel of qualified arbitrators located within Maricopa County. If the parties are unable to select an arbitrator within ten (10) days following the expiration of the thirty (30) day moratorium on arbitration required pursuant to Section 21.1 of the Lease, either the District or the County may request the presiding judge of the Maricopa County Superior Court to appoint the arbitrator.
- E. The place of arbitration shall be Phoenix, Arizona.
- F. The parties agree that the remedies available for the award by the arbitrator shall be limited to specific performance and declaratory relief and that under no circumstances shall the arbitrator issue an award of monetary damages, whether characterized as actual, consequential or otherwise.
- G. The parties have structured this ADR Process with the goal of providing for the prompt and efficient resolution of all disputes falling within the purview of this ADR Process. The hearing of any dispute shall be expedited and will commence as soon as practicable, but no later than forty-five (45) days after selection of the arbitrator. This deadline can be extended only with the consent of both parties to the dispute, or by decision of the arbitrator upon a showing of emergency circumstances.
- H. The arbitrator shall determine the nature and scope of discovery, if any, and the manner of presentation of relevant evidence consistent with the deadlines provided herein, and the parties’ objective that the disputes be resolved in a prompt and efficient manner. No discovery may be had of privileged materials or information. The arbitrator, upon proper application, shall issue such orders as may be necessary and permissible under law to protect confidential, proprietary, or sensitive materials or information from public disclosure or other misuse.



- I. In order to effectuate the parties' goals, the hearing, once commenced, will proceed from business day to business day until concluded, absent a showing of good cause.
- J. The arbitrator shall, within thirty (30) days from the conclusion of the hearing, issue the award.
- K. The arbitrator may determine how the costs and expenses of the arbitration shall be allocated between the parties, and may award reasonable attorneys' fees and experts' costs to either party.
- L. The award of the arbitrator shall be accompanied by a reasoned opinion.
- M. The award of the arbitrator shall be final and binding. Except as otherwise provided in this Lease, this Exhibit and the Commercial Arbitration Rules of the AAA, the ADR Process shall be subject to the provisions of the Arizona Arbitration Act (A.R.S. §§ 12 - 1501 - 1518). In the event a party seeks confirmation of an award, or if there is a failure to abide by any award, either party may seek any remedy at law or equity for failure to comply with the award, but in no event shall the award be reviewed *de novo* or consequential monetary damages be ordered by the court.

## EXHIBIT IGA-8

### MEDICAL CENTER SECURITY AGREEMENT

THIS SECURITY AGREEMENT (“**Agreement**”), dated as of November 1, 2004, executed by MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying special improvement district of the State of Arizona (“**Debtor**”), and MARICOPA COUNTY, a political subdivision of the State of Arizona (“**Secured Party**”).

#### WITNESSETH:

WHEREAS, Debtor and Secured Party are parties to that certain Medical Center Lease Agreement (“**Master Lease**”) by and between Debtor and Secured Party dated as of the date hereof, whereby Debtor leases from Secured Party that certain real property and improvements described in Exhibit A attached hereto (“**Premises**”); and

WHEREAS, Debtor and Secured Party have entered into that certain Intergovernmental Agreement, dated November 1, 2004 (“**Master IGA**”), whereby Debtor acquired certain assets of the Secured Party and agreed to provide Secured Party certain protections; and

WHEREAS, Debtor is indebted to Secured Party for rent under the Master Lease;

NOW, THEREFORE, in consideration of the premises, Debtor hereby agrees as follows:

#### **SECTION 1.**        Definitions.

1.1    Certain Defined Terms. The following terms, as used herein, have the meanings set forth below:

1.1.1    “Collateral” has the meaning assigned to that term in Section 2 of this Agreement.

1.1.2    “Proceeds” means all proceeds of, and all other profits, rentals or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or realization upon, any Collateral.

1.1.3    “Obligations” has the meaning assigned to that term in Section 3 of this Agreement.

1.1.4    “Security Interests” means the security interests granted pursuant to Section 2 of this Agreement, as well as all other security interests created or assigned by Debtor as additional security for the Obligations pursuant to the provisions of this Agreement.

1.1.5    “UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of Arizona, as amended from time to time, and any successor statute.

## **SECTION 2.**            Grant of Security Interests .

2.1        In order to secure the payment of the Obligations, Debtor hereby grants to Secured Party a continuing security interest in and to all right, title and interest of Debtor in the following property (all being collectively referred to as the “ **Collateral**”):

2.1.1     All appurtenances in and to the Premises;

2.1.2     All machinery, equipment, fixtures and materials now or at any time attached to the Premises together with service equipment and other personal property now or at any time hereafter located on or appurtenant to the Premises and used in connection with the management and operation thereof;

2.1.3     Any licenses, contracts, permits and agreements required or used in connection with the lease, operation or maintenance of the Premises;

2.1.4     All inventory, accounts, books, records, receivables, goodwill, and insurance proceeds created, generated or used in connection with the operation and management of the Premises;

2.1.5     All existing and future leases, subleases, licenses and other agreements for the use and occupancy of all or any portion of the Premises and all income, receipts, revenues, rents, issues and profits arising from the use or enjoyment of any portion of the Premises;

2.1.6     All Transferred Funds, as that term is defined in Section 3.10.1 of the Master IGA;

2.1.7     All money and investments held from time to time in the Pledged Account, as that term is defined in that certain Fund Transfer IGA dated November 1, 2004, between Debtor and Secured Party; and

2.1.8     All proceeds of all or any of the property described in this Section 2.1.

## **SECTION 3.**            Security for Obligations .

3.1        This Agreement secures the payment of the following (collectively, the “**Obligations**”): (i) any DSH Deficiency (as such term is defined in Section 3.10.1 of the Master IGA; and (ii) any CHC Rent (as such term is defined in Section 4.2 of Master Lease).

## **SECTION 4.**            Representations and Warranties .

4.1        Debtor represents and warrants as follows:

4.1.1     Binding Obligation. This Agreement is the legally valid and binding obligation of Debtor, enforceable against it in accordance with its terms. Debtor acknowledges the truth and accuracy of the Recitals herein, which Recitals are incorporated herein by this reference.

4.1.2 Ownership of Collateral . Debtor owns or has a leasehold interest in the Collateral.

4.1.3 Valid Security Interest . This Agreement creates a valid security interest in the Collateral, securing the payment of the Obligations.

4.1.4 Authorization . The grant by Debtor of the Security Interests granted hereby and the execution, delivery and performance of this Agreement by Debtor has been duly authorized by Debtor's Board of Directors, which authorization has not been modified or rescinded and is in full force and effect. No other action is necessary for the District to enter into this Agreement.

## **SECTION 5. Further Assurances; Covenants**

5.1 Other Documents and Actions . Debtor will, from time to time , at its expense, promptly execute and deliver all instruments and documents and take all further action that may be necessary or desirable, or that Secured Party may request, in order to perfect and protect any Security Interests granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral or to carry out the provisions and purposes hereof.

5.2 Secured Party Authorized . Debtor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto (or similar documents required by any laws of any applicable jurisdiction) relating to all or any part of the Collateral without the signature of Debtor where permitted by law.

## **SECTION 6. Remedies**

6.1 Secured Party may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral). Debtor agree that at least ten (10) days' notice to Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification.

## **SECTION 7. Termination of Security Interests; Release of Collateral**

7.1 Upon payment in full of CHC Rent (as that term is defined in the Master Lease) and upon termination of the Disproportionate Share Program (as that term is defined in the Master IGA) and any successor thereto, and if a similar program is not re-established within thirty-six (36) months thereafter, the Security Interests shall terminate and all rights to the Collateral shall revert to Debtor. Upon such termination of the Security Interests or release of any Collateral, Secured Party will, at the expense of Debtor, execute and deliver to Debtor such documents as they shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be.

**SECTION 8.**            Notices.

8.1       All notices, approvals, requests, demands and other communications hereunder shall be given as follows:

To Secured Party:     David Smith  
County Administrative Officer  
Maricopa County, Arizona  
301 West Jefferson, 10<sup>th</sup> Floor  
Phoenix, Arizona 85007  
Fax: (602) 506 -3328

With a copy to :       Maricopa County Attorney  
301 West Jefferson, Suite 800  
Phoenix, Arizona 85003  
Fax: (602) 506 -8102

To Debtor:             Maricopa County Special Health Care District  
2601 East Roosevelt Street  
Phoenix, Arizona 85034  
Fax: (602) 344 -5190

With a copy to:       William J. Sims III  
Moyes Storey  
1850 North Central Avenue, Suite 1100  
Phoenix, Arizona 85004  
Fax: (602) 274 -9135

8.2       Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

**SECTION 9.**            Waivers, Non -Exclusive Remedies .

9.1       No failure on the part of Secured Party to exercise, and no delay in exercising and no course of dealing with respect to, any power, privilege or right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by Secured Party of any power, privilege or right under this Agreement preclude any other or further exercise thereof or the exercise of any other power, privilege or right. The powers, privileges and rights in this Agreement are cumulative and are not exclusive of any other remedies provided by law.

**SECTION 10.**          Successors and Assigns

10.1      This Agreement is for the benefit of Secured Party and its successors and assigns, and in the event of an assignment of all or any of the Obligations, the rights hereunder, to the extent applicable to the Obligations so assigned, may be transferred with such Obligations. This Agreement shall be binding on Debtor and their respective successors and assigns.

**SECTION 11.**        Applicable Law.

11.1        This Agreement shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of Arizona, without regard to conflicts of laws principles.

**SECTION 12.**        Acknowledgement.

12.1        Debtor and Secured Party hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, "**County Counsel**") represent both parties to this Agreement in accordance with the requirements of A.R.S. § 48-5541.01.M.2, and each party waives any claim of conflict of interest which may arise by virtue of such representation of both parties to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Secretary of the Board

**APPROVED AS TO FORM:**

\_\_\_\_\_  
William J. Sims III  
Attorney for Maricopa County Special  
Health Care District

## **EXHIBIT IGA-9**

### **FHCs TO BE CONVEYED TO DISTRICT BY QUIT CLAIM DEED**

Chandler Family Health Center  
811 South Hamilton  
Chandler, Arizona

El Mirage Family Health Center  
12428 West Thunderbird Road  
El Mirage, Arizona

Glendale Family Health Center  
5141 West Lamar Road  
Glendale, Arizona

Guadalupe Family Health Center  
5825 East Calle Guadalupe  
Guadalupe, Arizona

Mesa Family Health Center  
59 South Hibbert Street  
Mesa, Arizona

Sunnyslope Family Health Center  
934 West Hatcher  
Phoenix, Arizona

South Central Family Health Center  
33 West Tamarisk  
Phoenix, Arizona

7th Avenue Family Health Center  
1407 South 9th Avenue  
Phoenix, Arizona

Maryvale Family Health Center  
4011 North 51st Avenue  
Phoenix, Arizona



**EXHIBIT IGA-10**

When recorded return to:  
William J. Sims III  
Moyes Storey  
1850 N. Central Avenue #1100  
Phoenix, AZ 85004

C-39-05-016-2-00  
C-39-05-017-2-00

**QUIT CLAIM DEED**

For the consideration of Ten Dollars, and other valuable consideration, MARICOPA COUNTY, a political subdivision of the State of Arizona (“**Grantor**”), hereby quit claims to MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying public improvement district of the State of Arizona (“**Grantee**”), all right, title or interest in the following real property and improvements (“**Property**”) situated in Maricopa County, Arizona:

SEE EXHIBIT “A” ATTACHED.

No abortion shall be performed on the Property unless such abortion is necessary to save the life of the woman or is otherwise required by law. If the Property is used for an abortion prohibited by this restriction, the Property shall (at the election of Grantor) revert to Grantor.

**EXEMPT FROM AFFIDAVIT AND FEE PURSUANT TO A.R.S. §11-1134(A)(3).**

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

**GRANTOR:**

**MARICOPA COUNTY,**  
a political subdivision of the State of Arizona

By: \_\_\_\_\_  
Name: Andrew Kunasek  
Title: Chairman, Board of Supervisors

ATTES T:

\_\_\_\_\_  
Clerk of the Board of Supervisors      Date

**GRANTEE:**

**MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT,** a tax -  
levying public improvement district of the  
State of Arizona

By: \_\_\_\_\_  
Name:  
Title: Chairman, Board of Directors

ATTES T:

\_\_\_\_\_  
Clerk of the Board of Directors      Date

APPROVED AS TO FORM:

APPROVED AS TO FORM:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Deputy County Attorney  
Attorney for Grantor

\_\_\_\_\_  
Name: William J. Sims III  
Attorney for Grantee

STATE OF ARIZONA            )  
  ) ss.  
County of Maricopa            )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
2004, by Andrew Kunasek as Chairman of the Maricopa County Board of Supervisors.

\_\_\_\_\_  
Notary Public

(Seal)

Assessor Parcel No.

## EXHIBIT IGA-11

When Recorded Return To:

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### **DEED OF TRUST AND ASSIGNMENT OF RENTS**

**THIS DEED OF TRUST AND ASSIGNMENT OF RENTS (“Deed of Trust”)** is made as of November 1, 2004, by and between the following parties:

(a) **MARICOPA COUNTY, ARIZONA**, a political subdivision of the State of Arizona, whose address is 301 West Jefferson, 10th Floor, Phoenix, Arizona 85007 (“**Beneficiary**”);

(b) **MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT**, a tax - levying public improvement district of the State of Arizona, whose address is 2601 East Roosevelt Street, Phoenix, Arizona 85034, (“**Trustor**”); and

(c) **SECURITY TITLE AGENCY, INC.**, 3636 North 3rd Avenue, Suite B, Phoenix, Arizona 85013 (“**Trustee**”).

1. Property. The property made subject to this Deed of Trust is Trustor's interest in the real property located generally at \_\_\_\_\_, Arizona, and legally described in Exhibit A annexed hereto, TOGETHER WITH all rights, reversions, remainders, water, rents, issues, profits, insurance proceeds, condemnation awards, income, deposits, permits, licenses, powers, claims and privileges appurtenant thereto, and all buildings, improvements, equipment, personal property and fixtures now or hereafter placed or erected thereon (collectively, the “**Property**”).

2. Conveyance. Trustor hereby conveys the Property to Trustee in trust with power of sale subject to the terms and conditions of this Deed of Trust.

3. Security Agreement. This Deed of Trust shall also constitute a security agreement with respect to all items of the Property encompassed by the Arizona Uniform Commercial Code. Upon Beneficiary's request, Trustor agrees to execute financing statements in form suitable for recording and filing for such purposes.

4. Purpose. This Deed of Trust is made pursuant to that certain Intergovernmental Agreement (“**Master IGA**”) by and between Trustor and Beneficiary, dated November 1, 2004, and encumbers the Property for the purpose of securing:

- (a) payment by Trustor, if elected by Beneficiary, of the obligation to pay to Beneficiary the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) arising under that certain Promissory Note (“ **Note**”) of Trustor of even date, and any extension or renewal thereof;
- (b) payment by Trustor of any DSH Deficiency (as such term is defined in Section 3.10.1 of the Master IGA); and
- (b) performance by Trustor of all terms and conditions of this Deed of Trust.

5. Covenants. During the term that this Deed of Trust encumbers the Property, and until such time as all sums evidenced by the Note are repaid in full, Trustor covenants and agrees to:

- (a) discharge all actions, proceedings and liens affecting the Property, and indemnify Trustee and Beneficiary from all cost, expense or liability in connection therewith;
- (b) pay before delinquency all taxes and assessments secured by or affecting the Property, except that Trustor may contest or appeal any such impositions provided that Trustor deposits with Trustee any amount sufficient to discharge the contested imposition prior to delinquency; and
- (c) comply with all other terms and provisions of this Deed of Trust.

6. Reimbursement. In the event that Trustor shall fail to take any action or pay any sum which is necessary to be taken or required to be paid in order to execute or implement performance of the covenants referred to in paragraph 5 above, then Beneficiary may, at its option but without obligation, take such appropriate action or expend such adequate sum, in which event the expenses incurred in taking such action and the amounts so expended or advanced shall be repayable by Trustor to Beneficiary on demand, and if not so paid, shall be secured by the lien of this Deed of Trust and shall bear interest at the Default Rate specified in the Note.

7. Claims. If required or requested in writing by Beneficiary, Trustor shall appear in, defend or prosecute any action or proceeding affecting the Property or the priority of the lien this Deed of Trust, and pay, discharge or reimburse to Beneficiary all costs, expenses, attorney's fees, title premiums and other amounts incurred or assessed in connection therewith.

8. Proceeds. As further security for payment of the Note, Trustor hereby collaterally assigns to Beneficiary all insurance, condemnation, rental proceeds, sales proceeds and income arising from the Property.

9. Default. In the event of a DSH Triggering Event (as that term is defined in the Master IGA) and if Trustor shall fail to pay any sum of interest or principal under the Note when due, after expiration of any grace period specified therein, or breach or fail to perform any term, provision, covenant or condition of this Deed of Trust, then at the election of Beneficiary, Trustor shall be in default hereunder and with respect to the Note.

10. Remedies. In the event of default, Beneficiary may (at its election) declare all sums of principal and interest under the Note to be immediately due and payable, together with all advances hereunder, expenditures, title charges, attorney's fees and other amounts incurred by Beneficiary with respect to the Property. In such event, Beneficiary shall be entitled to enforce this Deed of Trust in accordance with the applicable provisions of Arizona law pertaining to deeds of trust as set forth in Sections 33 -801, et seq. of the Arizona Revised Statutes, and cause the Property to be sold either by non-judicial trustee's sale or pursuant to a decree of judicial foreclosure. Furthermore, Beneficiary shall be entitled to the appointment of a receiver for the Property as well as any other procedures, which are deemed necessary by Beneficiary to protect and preserve its collateral security.

11. No Waiver. No act or failure to act of Beneficiary or Trustee hereunder, nor any acceptance of partial payments or granting of partial releases of Property, shall constitute a waiver by Beneficiary or Trustee of any of the provisions of this Deed of Trust or the Note.

12. Termination. Upon termination of the Disproportionate Share Program (as that term is defined in the Master IGA) and any successor thereto, and if a similar program is not re-established within thirty-six (36) months thereafter, the security interests granted herein shall terminate and all rights to the Property shall revert to Trustor. Upon such termination, Beneficiary will, at the expense of Trustor, execute and deliver to Trustor such documents as it shall reasonably request to evidence such termination.

12. Notices. All notices, approvals, requests, demands and other communications hereunder shall be given as follows:

To Beneficiary: David Smith  
County Administrative Officer  
Maricopa County, Arizona  
301 West Jefferson, 10<sup>th</sup> Floor  
Phoenix, Arizona 85007  
Fax: (602) 506 -3328

With a copy to : Maricopa County Attorney  
301 West Jefferson, Suite 800  
Phoenix, Arizona 85003  
Fax: (602) 506 -8102

To Trustor: Maricopa County Special Health Care District  
2601 East Roosevelt Street  
Phoenix, Arizona 85034  
Fax: (602) 344 -5190

With a copy to: William J. Sims III  
Moyes Storey  
1850 North Central Avenue, Suite 1100  
Phoenix, Arizona 85004  
Fax: (602) 274 -9135

13. Incorporation by Reference. All exhibits to this Deed of Trust are fully incorporated herein as though set forth at length.
14. Amendments. This Deed of Trust, and all documents and instruments executed in connection herewith or in furtherance hereof, may be amended, modified or supplemented only by an instrument in writing, signed by the party against which enforcement thereof may be sought.
15. Implementing Documents. Each party agrees to execute such further and additional documents, instruments and writings as may be necessary, proper, required, desirable or convenient for the purpose of fully effectuating the terms and provisions of this Deed of Trust. In the event that it shall be necessary, proper, required, desirable or convenient that an instrument or document be executed in connection with or in furtherance of the terms and provisions of this Deed of Trust and a form of such document or instrument is not attached hereto as an exhibit, such document or instrument shall be in the form customarily utilized in Maricopa County, Arizona.
16. Binding Effect. This Deed of Trust shall be binding upon and shall inure to the benefit of the parties, and their respective heirs, beneficiaries, personal representatives, successors, successors in interest and assigns.
17. Time of Essence. Time is of the essence of this Deed of Trust. In the event the provisions of this Deed of Trust require any act to be done or action to be taken hereunder on a date which is a Saturday, Sunday or legal holiday, such act or action shall be deemed to have been validly done or taken if done or taken on the next succeeding day which is not a Saturday, Sunday or legal holiday.
19. Arizona Law. This Deed of Trust shall be construed and enforced in accordance with the laws of the State of Arizona.
20. Conflict of Interest. Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.
21. Acknowledgment. Beneficiary and Trustor hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, "**County Counsel**") represent both parties to this Deed of Trust in accordance with the requirements of A.R.S. § 48 -5541.01.M.2, and each party waives any claim of conflict of interest which may arise by virtue of such representation of both parties to this Deed of Trust.

WHEREFORE, the Trustor has executed this Deed of Trust as of the date above written.

**TRUSTOR:**

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying public  
improvement district of the State of Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTES T:

\_\_\_\_\_  
Secretary of the Board

STATE OF ARIZONA            )  
  ) ss.  
County of Maricopa            )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of  
\_\_\_\_\_, 2004, by \_\_\_\_\_, as \_\_\_\_\_, and  
\_\_\_\_\_, as Secretary, of the Board of Directors of Maricopa County Special  
Health Care District.

\_\_\_\_\_  
Notary Public

(Seal)

## **EXHIBIT “A”**



## EXHIBIT IGA-12

### PROMISSORY NOTE

Principal Amount:  
\$ \_\_\_\_\_

Phoenix, Arizona  
November 1, 2004

FOR VALUE RECEIVED, the Maricopa County Special Health Care District, a tax levying public improvement district of the State of Arizona (**Maker**), promises to pay to the order of Maricopa County, a political subdivision of the State of Arizona, at Phoenix, Arizona, (the **Holder**), its successors and assigns, ON DEMAND of the Holder following a DSH Triggering Event (as that term is defined in the Master IGA), the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), plus interest thereon at the rate of \_\_\_\_ percent (\_\_\_\_%) per annum.

All payments and other credits shall be applied ~~(first)~~, to fees, costs and expenses payable by the ~~Maker~~ under this Note, and ~~(second)~~, to principal.

This Note is executed pursuant to that certain Intergovernmental Agreement (**Master IGA**) by and between the Maker and the Holder, dated November 1, 2004, and pursuant to that certain Medical Center Lease Agreement (**Master Lease**) by and between Maker and Holder of even date and is secured by Deed of Trust and Assignment of Rents of even ~~date~~ (**Deed of Trust**).

Upon the occurrence of any Event of Default defined in the Deed of Trust, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable without notice. The Holder may waive any default before or after the same has been declared and restore this Note to full force without impairing any rights hereunder, such ~~waiver~~ being a continuing one.

Demand, notice and protest are expressly waived.

If suit or other legal proceeding or any nonjudicial foreclosure proceeding is instituted or any other action is taken by the Holder to collect all or any part of the ~~indebts~~ evidenced hereby or to proceed against any collateral for any portion of such indebtedness, the Maker promises to pay the Holder's reasonable attorneys' fees and other costs (to be determined by the court and not by jury) incurred thereby. Such ~~costs~~ and costs shall be included in any judgment obtained by the Holder, shall bear interest at the default rate set forth below.

After maturity, then all amounts outstanding hereunder shall thereafter bear interest at the rate of ten percent (10%) per annum (**Default Interest**) until paid.

Upon termination of the Disproportionate Share Program (as that term is defined in the Master IGA) and any successor thereto, and if a similar program is not reestablished within thirty-six (36) months thereafter, this ~~Note~~ shall be deemed null and void, and the debt represented by this Note shall be forgiven.

Failure of the Holder to exercise any option hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default ~~for~~ in event of continuance of any existing default after demand for strict performance thereof.

This Note shall be construed according to the substantive laws and judicial decisions of the State of Arizona. Any action brought to enforce this Note may ~~be~~ commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa. Maker and any sureties, endorsers and guarantors irrevocably consent to jurisdiction and venue in such court for such purposes.

IN WITNESS WHEREOF, this Note has been executed as of the date first written above.

MARICOPA COUNTY SPECIAL HEALTH  
CARE DISTRICT, a tax-levying public  
improvement district of the State of Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary of Board

## EXHIBIT IGA-13

### ASSIGNMENT AND ASSUMPTION OF LEASE

This ASSIGNMENT AND ASSUMPTION AGREEMENT (“ **Agreement**”) is executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 2004, by MARICOPA COUNTY, ARIZONA, a political subdivision of the State of Arizona (“ **Assignor**”), and MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying public improvement district of the State of Arizona (“ **Assignee**”).

Assignor hereby transfers and conveys all of its rights, title and interest in and to the Maricopa County Lease No. \_\_\_\_\_, executed on \_\_\_\_\_, and amended on \_\_\_\_\_, between Maricopa County as Lessor and \_\_\_\_\_ as Lessee described on Exhibit “A” (“ **Lease**”) attached hereto, and made a part hereof, to Assignee effective on the Transfer Date (as that term is defined in that certain Intergovernmental Agreement by and between the Assignor and Assignee, dated \_\_\_\_\_), provided the conditions to the transfer of the Delivery System (as that term is defined in such Intergovernmental Agreement) are satisfied or waived. The leasehold interest is generally described as \_\_\_\_\_ located at \_\_\_\_\_. The term of the Lease is \_\_\_\_\_, commencing on \_\_\_\_\_.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby transfers and assigns to Assignee all Assignor’s transferable rights, title and interest in and to the Lease effective on the Transfer Date. Assignee hereby accepts all obligations of the Assignor as Lessor under the Lease arising from and after the date hereof.

By execution hereof, the parties hereby give notice to \_\_\_\_\_, Lessee under the Lease, of said transfer of interest, and that Lessee is hereby instructed to send all future rent payments to Assignee at the following address, commencing with the first rent payment due after the Transfer Date:

Maricopa County Special Health Care District  
Attention: Accounts Receivable  
2619 E. Pierce Street  
Phoenix, AZ 85008

This Agreement may be executed in any number of counterparts, each of which may be executed by either of the parties hereto, but all of which shall constitute one instrument, and shall be binding and effective when both parties hereto have executed at least one counterpart.

Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

Assignor and Assignee hereby acknowledge that the Division of County Counsel, Maricopa County Attorney’s Office and its outside counsel (collectively, “ **County Counsel**”)

represent both parties to this Agreement in accordance with the requirements of A.R.S. § 48 - 5541.01.M.2, and each party waives any claim of conflict of interest which may arise by virtue of such representation of both parties to this Agreement.

The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the respective parties hereto and their respective successors and assigns.

EXECUTED as of the day and year first written above.

**ASSIGNOR:**

MARICOPA COUNTY, ARIZONA, a political  
subdivision of the State of Arizona

By: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_

Clerk of the Board of Supervisors

**APPROVED AS TO FORM:**

By: \_\_\_\_\_

Deputy County Attorney

**ASSIGNEE:**

MARICOPA COUNTY SPECIAL HEALTH  
CARE DISTRICT, a tax-levying public  
improvement district of the State of Arizona

By: \_\_\_\_\_

Its: Chairman

**ATTEST:**

By: \_\_\_\_\_

Secretary of the Board

**APPROVED AS TO FORM:**

By: \_\_\_\_\_

Attorney for the Maricopa County Special  
Health Care District

## EXHIBIT IGA-14

### GLENDALE FAMILY HEALTH CENTER SUBLEASE AGREEMENT

THIS GLENDALE FAMILY HEALTH CENTER SUBLEASE AGREEMENT (“**Sublease**”) is made this 1<sup>st</sup> day of November, 2004, between the MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying public improvement district of the State of Arizona, (“**District**”) and MARICOPA COUNTY, a political subdivision of the state of Arizona, (“**Public Health**”), collectively referred to in this Sublease as the “**Parties**” and individually as “**Party**”.

#### RECITALS:

A. WHEREAS, Public Health currently occupies 4,044 rentable square feet of space (“**Premises**”) plus common area located at 5141 West Lamar, Glendale, Arizona 85301 (“**Facility**”), where it operates the Glendale Women and Infant Children (“**WIC**”) program; and

B. WHEREAS, District will acquire a leasehold interest in the Facility on or about November 1, 2004; and

C. WHEREAS, it is in the best interest of both Parties and of the public to continue to operate the WIC program on the Premises and at the Facility; and

D. WHEREAS, A.R.S. § 48 -5541(3) provides that the District may control, dispose of, sell, convey, encumber and create leasehold interests in property for the benefit of the district; and

NOW THEREFORE, in consideration of the foregoing, the adequacy of which is hereby acknowledged, the Parties agree as follows:

1. District hereby subleases the Premises, plus use of common area in the Facility, to Public Health as further depicted in an exhibit to be agreed upon by the Parties no later than January 1, 2005 and attached as Exhibit A.

2. Public Health shall use the Premises and common area for operating the WIC program.

3. The term of this Sublease shall commence on November 1, 2004 and will be automatically renewed annually until terminated by either Party by providing 180 -days notice of intent to terminate to the other Party.

4. Public Health shall not permit any abortion on the Premises unless such abortion is necessary to save the life of the woman or as required by law.

5. Public Health agrees to pay as rent the following sum per annum, payable on the first day of the month commencing from date of possession (“**Rent Payment(s)**”):

<u>Year</u>	<u>Rate</u>	<u>Monthly</u>	<u>Annual</u>
2004	\$2.34 / rentable s.f.	\$788.58	\$9462.96

6. Public Health, with prior written consent of District, and at its sole cost, may make improvements, as Public Health deems reasonably necessary, to make the Premises suitable for use by Public Health. District shall not unreasonably withhold consent to make such improvements.

7. District shall at its own expense insure the Premises, for all perils and risk coverage on the structure(s) including, but not limited to fire, wind, burglaries and other casualties. District understands and acknowledges that Public Health is self-insured.

8. District shall be responsible for the payment of utility services provided to the Premises, including but not limited to electricity, gas, water, trash service, etc. Public Health shall be responsible for Public Health's telephone service to the Premises.

9. Public Health shall maintain the structure of the Premises in good repair and shall correct any hazardous conditions existing as the result of any structural defect or unsoundness. The term "structure" as used herein, includes walls, roofs, floors, foundations, stairways, parking areas and exterior sidewalks and all electrical, plumbing, heating and air -conditioning systems and equipment. The Parties agree that the structure and Premises are currently in a state of good repair.

10. If District, for any reason whatsoever, cannot deliver possession of the Premises to Public Health at the commencement of the term of this Sublease, this Sublease shall be voidable, at Public Health's option. Public Health shall notify District within thirty (30) days that this Sublease is being terminated for non -delivery. However, in the event Public Health desires to continue the Sublease, the rental period shall commence upon delivery of possession by District.

11. District shall perform all repair/replacement maintenance of installed building utility systems and maintain all installed floor covering in a state of good repair.

12. Routine maintenance shall be the responsibility of District, which shall include, but not be limited to: painting the interior walls, replacement of all broken glass on the Premises resulting from all perils including, but not limited to fire, wind, burglaries and other casualties. The District shall provide janitorial and landscape services. District shall keep exterior grounds adjacent to the Premises free from trash and other rubbish.

13. District shall maintain equipment, including water heaters, furnaces, air - conditioners and fire extinguishers of the Premises in a safe, operating condition. Any additional fire extinguishers and alarms required by Public Health are to be furnished and maintained by Public Health.

14. District will, at its own expense conform to all applicable standards contained in the "Uniform Building Code for Life Safety" ("U.B.C"), and all applicable standards in "Arizona

Revised Statutes for Handicapped Accessibility” in Title 9 -499.02 and Title 41 -1492 through 41 -1492.11. This will include but not be limited to Handicapped Accommodations such as restrooms, drinking fountains, pedestrian ramps, etc. District shall also, at its own expense, conform to all Americans with Disabilities Act requirements for Public Accommodations that are “readily achievable unless an undue burden would result”.

15. Except for ordinary wear and tear, at the expiration of this Sublease, Public Health will return the Premises to the District in good condition. Public Health may, in its discretion, abandon any improvements made by Public Health or remove said improvements and restore the Premises to its original condition, ordinary wear and tear excepted.

16. In the event District or Public Health terminates this Sublease during the term hereof, the rent payment heretofore made by Public Health shall be pro rated on the number of days remaining in the occupancy. District shall refund the pro rated amount to Public Health within 30 days after termination.

17. In the event of partial or complete damage or destruction of the Premises from any cause, except damage or destruction intentionally caused by the Parties, Public Health or District may terminate this Sublease. If District restores Premises to the former condition, Public Health may, at Public Health’s option, re-enter the Premises. Rent shall be prorated for the period during which Public Health was unable to occupy the Premises, and credited to the amount due by Public Health in the event Public Health re-enters the Premises. Prepaid rent shall be refunded to Public Health in the event Public Health terminates this Sublease pursuant to the provisions of this paragraph.

18. Public Health shall not assign this Sublease, or sublet Premises without written consent of District.

19. District shall have the right to inspect the Premises at reasonable times after reasonable notice to Public Health.

20. The terms “District” and “Public Health” as used herein includes the singular as well as the plural, the masculine and feminine as well as the neuter.

21. If subject Premises are sold during the term of this Sublease, District shall be required to notify Public Health in writing, via certified mail, within thirty (30) days of the transfer date.

22. Public Health shall have the right to use, free of charge, parking spaces at the Facility.

23. Time is of the essence of this Sublease.

24. The Parties agree that the laws of Arizona shall govern the performance and conditions of this Sublease.



25. All notices, Rent Payments and other communications required pursuant to this Sublease must be in writing and must be sent to the appropriate party, and will be deemed properly given if sent by (i) personal delivery, (ii) express mail, postage prepaid, return receipt requested or (iii) certified United States mail, postage prepaid, return receipt requested, addressed as follows:

To District at:

Maricopa County Special Health Care District  
2601 East Roosevelt  
Phoenix, AZ 85006

To Public Health at:

Real Estate Services Manager  
Maricopa County Department of Finance  
301 W. Jefferson, Suite 960  
Phoenix, AZ 85003

Each Party may by notice to the other specify a different address for subsequent notice purposes. Notice is effective on the date of actual receipt or three (3) Business Days after the date of mailing, whichever is earlier.

26. Copies of all notices and Rent Payment requests, herein required, given Public Health, shall be sent to WIC programs at:

WIC Administration  
Maricopa County  
1414 W. Broadway Road  
Tempe, AZ 850282

27. Public Health may terminate this Sublease at the end of any fiscal year during the term of the Sublease provided funds are not available from the governing legislature or funding body for the continuation of this Sublease. Public Health's fiscal year ends on June 30 of each year.

28. Each Party (as “ **Indemnitor**”) agrees to indemnify, defend and hold harmless the other Party (as “ **Indemnatee**”) from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as “ **Claims**”) arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnatee are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents employees, or volunteers.

29. This Sublease, together with any supplemental provisions attached hereto, constitutes the entire agreement between the Parties regarding the Facility. Waiver of any breach

of any term, conditions or covenant herein contained shall not be deemed to be a waiver of any subsequent breach of any term, covenant or condition herein. This Sublease shall be binding upon the Parties hereto and their respective heirs, successors and assignees.

30. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Sublease invalid, unenforceable or not entitled to be recorded under any applicable law. If any provision of this Sublease shall be held to be invalid, illegal or unenforceable, the validity of the other provisions of this Sublease shall in no way be affected thereby.

31. No failure by the District or Public Health to insist upon the strict performance of any term of this Sublease or to exercise any right, power or remedy upon a breach thereof, and no submission by the Public Health or acceptance by District of full or partial Annual Fixed Rent or other amounts due hereunder during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Sublease, which shall continue in full force and effect, or in the respective right of the District or Public Health with respect to any other then existing or subsequent breach.

32. This Sublease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

33. The District and Public Health shall, whenever and as often as each shall be reasonably requested to do so by the other Party, execute or cause to be executed any further documents, take any further actions and grant any further approvals as may be necessary or expedient in order to consummate the transactions provided for in, and to carry out the purpose and intent of this Sublease.

34. Rights and prerogatives of consent and approval herein reserved to the District are for its sole and exclusive benefit and may be granted or denied as the District, in its sole discretion, deems appropriate. No consent, approval or the denial of same shall give rise to any claim by or liability to any third party.

35. In the event any provision of this Sublease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

36. Public Health agrees to comply with the Immigration Reform and Control Act of 1986 in performing its obligations under this Sublease, and to permit inspection by District, after reasonable notice has been given by District for such inspection, of personnel records to verify such compliance.

37. The failure in performance by either Public Health or the District of any non-monetary obligation under this Sublease shall not be deemed an event of default and shall not give rise to any right otherwise provided for in this Sublease when such failure to perform is not within the control of such Party and when such failure to perform an obligation is caused by war;

insurrection; terrorism; strikes and lockouts; riots; floods; earthquakes; fires; acts of God; acts of a public enemy; epidemics; quarantine; or the exercise of police powers by any public or governmental agency or entity. An extension of time to perform non-monetary obligation due to such a cause shall be limited to the reasonable period of delay due to such cause, which period shall be deemed to commence from the time of the commencement of the cause.

38. This Sublease will not constitute, create, give rise to or otherwise recognize a joint venture agreement or relationship, partnership or formal business organization of any kind, and the rights and obligations of the Parties shall be only those expressly set forth in this Sublease, the Related Agreements and the Enabling Act.

39. Notice of A.R.S. § 38-511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

40. Public Health and District hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, "**County Counsel**") represent both Parties to this Sublease in accordance with the requirements of A.R.S. § 48-5541.01.M.2, and each Party waives any claim of conflict of interest which may arise by virtue of such representation of both Parties to this Sublease.

IN WITNESS WHEREOF, the Parties have signed this Sublease.

**DISTRICT:**

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Secretary of the Board

**APPROVED AS TO FORM:**

\_\_\_\_\_  
William J. Sims III  
Attorney for the Maricopa County Special  
Health Care District

**PUBLIC HEALTH:**

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

By: \_\_\_\_\_

Andrew Kunasek, Chairman  
Maricopa County Board of Supervisors

**ATTEST:**

\_\_\_\_\_  
Clerk of the Board

**APPROVED AS TO FORM:**

MARICOPA COUNTY ATTORNEY

\_\_\_\_\_  
Deputy County Attorney

## EXHIBIT IGA-15

### AVONDALE FHC SUBLEASE PURCHASE AGREEMENT

THIS AVONDALE FAMILY HEALTH CENTER SUBLEASE PURCHASE AGREEMENT (“**Lease**”) is made this 1st day of November, 2004 (“**Lease Execution Date**”), by and between MARICOPA COUNTY, a political subdivision of the State of Arizona, (“**Landlord**”), and the MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax - levying public improvement district of the State of Arizona, (“**Tenant**”), collectively referred to in this Lease as the “**Parties**” and individually as “**Party**”.

#### RECITALS:

A. WHEREAS, Landlord owns the Avondale Family Health Center (“**Facility**”) located at 950 East Van Buren, Avondale, Arizona; and

B. WHEREAS, Tenant desires to operate a healthcare program (“**Program**”) at the Facility; and

C. WHEREAS, it is in the best interest of both Parties and of the public to operate the Program at the Facility; and

D. WHEREAS, A.R.S. §48 -5541.01(J) provides that if a health care district chooses to acquire or lease from a county an asset of a health system as defined in section 11 -1401, the board of supervisors of that county, by a majority vote, may convey, sell, lease or otherwise transfer title to any such asset of a health system to the district and transfer any health system liability as defined in section 11 -1401 to the district.

NOW THEREFORE, in consideration of the foregoing, the adequacy of which is hereby acknowledged, the Parties agree as follows:

1. Landlord hereby subleases to Tenant the Facility located at 950 East Van Buren, Avondale, Arizona, as further described in attached Exhibit “A” which includes the real property and the improvements constructed thereon.

1.1 After the Lease Execution Date, Landlord and Tenant agree to obtain a new legal description of the Facility. Further, the Parties agree to share the costs necessary to obtain such legal description equally. The new legal description shall be attached hereto as Exhibit “A-1”.

2. Tenant shall use the Facility to carry out the governmental purposes of the Tenant.

3. Tenant shall not permit any abortion at the Facility unless such abortion is necessary to save the life of the women or is otherwise required by law.

4. The term of this Lease shall commence on the Transfer Date as that term is defined in that certain Intergovernmental Agreement by and between Maricopa County and the Maricopa County Special Health Care District, dated November 1, 2004 (“**Master IGA**”).

5. If after reviewing any environmental assessment of the Facility, Tenant may, in its sole and absolute discretion, elect to terminate this Lease based on Tenant’s review of such environmental assessments upon providing Landlord written notice (“**Notice**”) of its intent to terminate no later than December 15, 2004. Landlord’s receipt of Tenant’s Notice must occur on

or before January 1, 2005 (“ **Initial Lease Termination Deadline**”). Upon Landlord’s receipt of such Notice, Landlord may elect to remediate the environmental conditions giving rise to the District’s election to terminate. If the conditions are satisfied to the District’s satisfaction, this Lease shall not terminate. In addition, prior to the Initial Lease Termination Deadline, Landlord shall cause to be released such encumbrances on the Facility as the Tenant may reasonably request, to the extent allowed under the terms and conditions of the financing documents applicable to the Facility. In the event Tenant elects to terminate this Lease on or before the Initial Lease Termination Deadline, Tenant shall vacate the Facility by the expiration of thirty (30) days and return the Facility and all real and personal property included therewith in equal or better condition than when Tenant took possession of Facility except for normal wear and tear.

6. Tenant shall pay Landlord the following rent payments, computed based on Landlord’s debt service payments made in connection with the Facility (collectively, the “ **Rent Payments**”) on the dates indicated below:

<u><b>Date</b></u>	<u><b>Rent Payments</b></u>
January 1, 2005	\$ 83,980.38
July 1, 2005	\$664,274.29
January 1, 2006	\$ 72,374.50
July 1, 2006	\$678,651.74
January 1, 2007	\$ 60,248.96
July 1, 2007	\$692,509.50
January 1, 2008	\$ 52,345.70
July 1, 2008	\$541,689.04
January 1, 2009	\$ 45,005.42
July 1, 2009	\$534,357.76
January 1, 2010	\$ 37,053.44
July 1, 2010	\$543,727.99

7. After Tenant has made the July 10, 2010 Rent Payment, and provided Tenant is not in default of any provisions of this Lease, at the written request of Tenant and in consideration of Ten Dollars (\$10.00), Landlord will execute and deliver a Quit Claim Deed (“ **Quit Claim Deed**”) for the Facility to the Tenant (in the form of Exhibit “B”).

8. Tenant may make from time to time any additions, modifications or improvements to the Facility which Tenant deems desirable for the purpose of the Facility, provided that if such additions, modifications or improvements with respect to the Facility shall cost \$200,000 or more in a single “ **Lease Year**” (defined as the period of time from the Lease Execution Date to June 30, 2005, and thereafter a period of twelve (12) consecutive months commencing on the first (1<sup>st</sup>) day of July and ending on the thirtieth (30<sup>th</sup>) day of June), an “ **Engineer**” (defined as an individual or firm acceptable to Landlord and Tenant and qualified to practice the profession of engineering or architecture under the laws of the State of Arizona and who is not a salaried employee of the Landlord or the Tenant) shall render an opinion to the Landlord that (a) no such additions, modifications or improvements shall adversely affect the

structural integrity or strength of any improvements constituting a part of the Facility or materially interfere with the use and operation of the Facility, and (b) the undertaking and completion of such addition, modification and improvement will not cause the value of the Facility to be reduced below the value of the Facility immediately prior to the undertaking and completion of any such addition, modification and improvement. All such additions, modifications and improvements shall become and be deemed to constitute a part of the Facility.

9. If Tenant, in its reasonable discretion, determines that any item of personal property constituting a part of the Facility has become inadequate, obsolete, worn-out, unsuitable, undesirable, or unnecessary or should be replaced, Tenant may remove such item provided that such removal (taking into account any substitutions) shall not impair the operative unity of the Facility and will not damage the Facility.

10. Tenant shall not grant a lien or security interest on the Facility to collateralize an obligation of the Tenant or guaranty, except for the permitted encumbrances set forth below (collectively, the “**Permitted Encumbrances**”):

10.1 Any encumbrance created by this Lease.

10.2 Any encumbrance against the Tenant arising out of a dispute in litigation or a judgment, so long as the claim in the litigation or the finality of such judgment is being contested and execution thereon is stayed.

10.3 Any encumbrance created to finance an improvement in or on the Facility, subject to Landlord approval, which shall not be unreasonably withheld.

11. During the term of this Lease, Tenant shall be insured pursuant to the “**Insurance IGA**,” as that term is defined in the Master IGA. If and when the Insurance IGA terminates, Tenant shall obtain insurance that satisfies the requirements of Section 4.4 of the Master IGA.

12. After the Lease Execution Date and during the term of this Lease, the Parties agree that in the event that any or all portions of the Facility are taken by right of eminent domain, with or without litigation, the provisions set forth in Article 18 of the Master Lease Agreement between the County and the District shall govern and apply fully and completely to the terms of this Lease, except that where “Demised Premises” is referenced, the term “Facility” as used herein shall be substituted in its place.

13. In the event of damage or destruction to any or all portions of the Facility after the Lease Execution Date and during the term of this Lease, the Parties agree that the provisions set forth in Article 17 of the Master Lease Agreement between the County and the District shall govern and apply fully and completely to the terms of this Lease, except that where “Demised Premises” is referenced, the term “Facility” as used herein shall be substituted in its place. Notwithstanding Article 17, if there is Substantial Damage or Insubstantial Damage to the Facility and Tenant elects to terminate the Lease as provided in Article 17, Tenant shall use available insurance proceeds to pre-pay the remaining Rent Payments for the Facility under the terms of this Lease.

14. During the term of this Lease, Tenant shall be responsible for the payment of all utility services provided to the Facility, including but not limited to electricity, gas, steam, water, telephone, etc. In addition, Tenant shall pay all charges for installation, repair, maintenance and/or operation of such services.

15. Landlord shall have no responsibility for maintenance of, or repair to, the Facility. Tenant, at its expense and during the term of this Lease, will keep, or cause to be kept, the Facility in good order and condition (ordinary wear and tear excepted), and make all necessary, proper or appropriate repairs, replacements and renewals thereof, interior, exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen. Tenant will comply with all insurance policies related to, and maintain any governmental licenses and permits required for, the use, maintenance, repair and operation of the Facility. Tenant will pay all costs, claims damages, fees and charges arising out of its possession, use, operation, or maintenance of the Facility. Tenant will promptly comply with all rights of way or use, privileges, franchises, servitudes, licenses, easements, tenements, hereditaments and appurtenances forming a part of the Facility and all instruments creating or evidencing the same, in each case, to the extent compliance therewith is required of Tenant under the terms of this Lease. Tenant will not do, or permit to be done, any act or thing which might materially impair the value of the Facility, will not commit or permit any material waste of the Facility, and will not permit any unlawful or unauthorized occupation, business or trade to be conducted on the Facility.

16. On or before each December 1<sup>st</sup> during the term of this Lease, Tenant shall certify to Landlord that (i) any taxes relating to the Facility have been or are being paid; (ii) Tenant has maintained the Facility in good condition, repair and working order, as applicable; (iii) there is no mortgage, pledge, lien or encumbrances on the Facility except as may be permitted hereunder; (iv) the insurance required pursuant to Section 11 hereof is in full force and effect; (v) any filings required under Arizona Uniform Commercial Code to perfect or continue the perfection of any security interest of the Landlord or Owner in the Facility have been made and are in full force and effect; and (vi) Tenant is not in default of any provision of this Lease.

17. In the event that the Tenant becomes aware of the release of any Hazardous Substance on, or other environmental condition, problem or liability with respect to, any of the Facility, the Tenant agrees to promptly notify the Landlord in writing of such condition. Tenant agrees to take actions to investigate and to pay expenses necessary to clean up the release of any Hazardous Substance on, or other environmental condition, problem or liability affecting, any of the Facility that occurs after the Lease Execution Date, promptly after Tenant becomes aware of any such condition and to keep Landlord advised of all such actions taken by Tenant. As used in this Lease, Hazardous Substance shall mean: any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous or toxic chemical, a hazardous, toxic or radioactive substance, petroleum or other similar term, by any federal, state or local environmental statute, regulation, or ordinance presently in effect or that may be promulgated in the future, as such statutes, regulations and ordinances may be amended from time to time.

18. Tenant shall not assign this Lease, or sublet Facility without written consent of Landlord. Rent Payments specified in Section 6 above on or before the due date thereof, Tenant shall pay to Landlord interest on such delinquent payment from the due date until paid at a rate per annum equal to ten percent (10%). If Tenant fails to make any payment or fails to perform or comply with any of its covenants or obligations hereunder, Landlord may, but shall not be required to, make such payment or perform or comply with such covenants and obligations on behalf of Tenant and the amount of any such payment and the Tenant shall be liable for all such expenses (including but not limited to reasonable attorneys' fees) incurred by Landlord in



performing or complying with such covenants and obligations, as the case may be, together with interest thereon at the rate of ten percent (10%) per annum.

19. Except as set forth in Section 18 of this Lease, all disputes shall be resolved pursuant to the Mediation and Arbitration provisions of the Master IGA.

20. Landlord shall have the right to inspect the Facility at reasonable times after reasonable notice to Tenant. Subject to reasonable security and safety regulations and upon reasonable notice, Landlord and/or Landlord's trustee and their agents will be entitled to enter upon the Facility during business hours to inspect, or observe the use and operation of, the Facility. At any reasonable times, Landlord and Landlord's trustee or their authorized representatives may, upon reasonable request, inspect the books and records of Tenant with respect to the Facility at the respective locations thereof or request Tenant to provide reasonable reports and information in respect thereof.

21. The terms "Landlord" and "Tenant" as used herein includes the singular as well as the plural, the masculine and feminine as well as the neuter.

22. If the Facility is sold during the term of this Lease, Landlord shall be required to notify Tenant in writing, via certified mail, within thirty (30) days of the transfer date.

23. Time is of the essence of this Lease.

24. The Parties agree that the laws of Arizona shall govern performance and conditions of this Lease.

25. All notices, payments and other communications required pursuant to this Lease must be in writing and must be sent to the appropriate Party, and will be deemed properly given if sent by (i) personal delivery, (ii) express mail, postage prepaid, return receipt requested or (iii) certified United States mail, postage prepaid, return receipt requested, addressed as follows:

To Landlord at: Real Estate Services Manager  
Maricopa County Department of Finance  
301 W. Jefferson, Suite 960  
Phoenix, AZ 85003

With a copy to Maricopa County Attorney  
301 West Jefferson, Suite 800  
Phoenix, Arizona 85003  
Fax: (602) 506 -8102

To Tenant at: Maricopa County Special Health Care District  
2601 East Roosevelt  
Phoenix, Arizona 85008  
Fax: (602) 344 -5190

With a copy to: William J. Sims III  
Moyes Storey Ltd.  
1850 North Central Avenue, Suite 1100  
Phoenix, Arizona 85004  
Fax: (602) 274 -9135

Each Party may by notice to the other, specify a different address for subsequent notice purposes. Notice is effective on the date of actual receipt or three (3) Business Days after the date of mailing, whichever is earlier.

26. Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

27. Each Party (as “ **Indemnitor**”) agrees to indemnify, defend and hold harmless the other Party (as “ **Indemnitee**”) from and against any and all claims, losses, liability, costs or expenses (including reasonable attorneys’ fees) (hereinafter collectively referred to as “ **Claims**”) arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnitee are caused by the willful misconduct or gross negligence of the Indemnitor, its officers, officials, agents employees, or volunteers.

28. This Lease, together with any supplemental provisions attached hereto, constitutes the entire agreement between the Parties. Waiver of any breach of any term, conditions or covenant herein contained shall not be deemed to be a waiver of any subsequent breach of any term, covenant or condition herein. This Lease shall be binding upon the Parties hereto and their respective heirs, successors and assignees.

29. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Lease invalid, unenforceable or not entitled to be recorded under any applicable law. If any provision of this Lease shall be held to be invalid, illegal or unenforceable, the validity of the other provisions of this Lease shall in no way be affected thereby.

30. No failure by the Landlord or the Tenant to insist upon the strict performance of any term of this Lease or to exercise any right, power or remedy upon a breach thereof, and no submission by the Tenant or acceptance by the Landlord of full or partial Annual Fixed Rent or other amounts due hereunder during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect, or in the respective right of the Landlord or the Tenant with respect to any other then existing or subsequent breach.

31. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

32. The Landlord and the Tenant shall, whenever and as often as each shall be reasonably requested to do so by the other Party, execute or cause to be executed any further documents, take any further actions and grant any further approvals as may be necessary or expedient in order to consummate the transactions provided for in, and to carry out the purpose and intent of, this Lease and the related agreements.

33. Rights and prerogatives of consent and approval herein reserved to the Landlord are for its sole and exclusive benefit and may be granted or denied as the Landlord, in its sole discretion, deems appropriate. No consent, approval or the denial of same shall give rise to any claim by or liability to any third party. The Landlord, to the extent permitted by law may delegate, by written notice to the Tenant, the right to receive notices and the power to issue consents and approvals hereunder.

34. Any Article or Section headings contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

35. Tenant agrees to comply with the Immigration Reform and Control Act of 1986 in performing its obligations under this Lease, and to permit inspection by Landlord, after reasonable notice has been given by Landlord for such inspection, of personnel records to verify such compliance.

36. This Lease is made, entered into and under and shall be construed in accordance with the laws of the State of Arizona.

37. This Lease may only be modified or amended by written agreement between the Landlord and the Tenant.

38. The failure in performance by either the Tenant or the Landlord of any non-monetary obligation under this Lease shall not be deemed an event of default and shall not give rise to any right otherwise provided for in this Lease when such failure to perform is not within the control of such Party and when such failure to perform an obligation is caused by war; insurrection; terrorism; strikes and lockouts; riots; floods; earthquakes; fires; acts of God; acts of a public enemy; epidemics; quarantine; or the exercise of police powers by any public or governmental agency or entity. An extension of time to perform non-monetary obligation due to such a cause shall be limited to the reasonable period of delay due to such cause, which period shall be deemed to commence from the time of the commencement of the cause.

39. Landlord and Tenant hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, "**County Counsel**") represent both Parties to this Lease in accordance with the requirements of A.R.S. § 48-5541.01.M.2, and each Party waives any claim of conflict of interest which may arise by virtue of such representation of both Parties to this Lease. In addition, for employees and consultants of either Party, the Landlord and Tenant hereby waive any right of termination pursuant to A.R.S. § 38-511.

IN WITNESS WHEREOF, the Parties have signed this Lease.

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_  
Andrew Kunasek, Chairman  
Maricopa County Board of Supervisors

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

**ATTEST:**

\_\_\_\_\_  
Clerk of the Board

\_\_\_\_\_  
Secretary of the Board

**APPROVED AS TO FORM:**

**APPROVED AS TO FORM:**

MARICOPA COUNTY ATTORNEY

\_\_\_\_\_  
Deputy County Attorney

\_\_\_\_\_  
William J. Sims III  
Attorney for the Maricopa County Special  
Health Care District

## EXHIBIT "A"

A portion of the Southwest quarter of the Southwest quarter of Section 2, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the Southeast corner of the Southwest quarter of the Southwest quarter of Section 2; thence North along the East line of said Southwest quarter of the Southwest quarter, North 00 degrees 26 minutes 38 seconds East, a distance of 55.00 feet; thence South 88 degrees 35 minutes 32 seconds West, a distance of 33.00 feet more or less to a point on the West right-of-way line of Eliseo C. Felix, Jr. Way, said point also being the POINT OF BEGINNING; thence Northerly along said West right-of-way line North 00 degrees 26 minutes 38 seconds East, a distance of 367.36 feet more or less, to a point on the South line of a parcel described in Document No. 980229192 of the Maricopa County Recorder's Office; thence along the South line of said parcel, North 89 degrees 31 minutes 22 seconds West, a distance of 313.37 feet; more or less to the Southwest corner of the parcel described in Document No. 980229192, thence, South 00 degrees 32 minutes 33 seconds West, a distance of 313.00 feet, more or less to a point on the North right-of-way line of Van Buren Street and 55.00 feet North of the South line of said Section 2; thence along said North right-of-way line, North 88 degrees 35 minutes 32 seconds East, a distance of 314.00 feet more or less, to the POINT OF BEGINNING;

EXCEPT all oil, gas, asphaltum and other hydrocarbons and all other minerals, whether similar to those herein specified or not, within or underlying or that may be produced from the above described lands, including such rights of access to and the use of such parts of the surface of the above described lands as may be necessary for mining and saving said minerals as reserved in Deed recorded in Docket 2409, page 463.

## EXHIBIT IGA-16

### LEASED PROPERTY SECURITY AGREEMENT

THIS SECURITY AGREEMENT (“**Agreement**”), dated as of November 1, 2004, executed by MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying special improvement district of the State of Arizona (“**Debtor**”), and MARICOPA COUNTY, a political subdivision of the State of Arizona (“**Secured Party**”).

#### WITNESSETH:

WHEREAS, Debtor and Secured Party are parties to that certain Sub -Lease Purchase Agreement (“**Sub-Lease Purchase Agreement**”) by and between Debtor and Secured Party dated of even date herewith whereby Debtor leases from Secured Party that certain real property and improvements located generally at \_\_\_\_\_, and legally described in Exhibit A attached hereto (“**Premises**”); and

WHEREAS, Debtor and Secured Party have entered into that certain Intergovernmental Agreement, dated November 1, 2004 (“**Master IGA**”), whereby Debtor acquired certain assets of the Secured Party and agreed to provide Secured Party certain protections; and

WHEREAS, Debtor is indebted to Secured Party for rent under the Sub -Lease Purchase Agreement;

NOW, THEREFORE, in consideration of the premises, Debtor hereby agrees as follows:

#### **SECTION 1.**        Definitions.

1.1    Certain Defined Terms . The following terms, as used herein, have the meanings set forth below:

1.1.1    “Collateral” has the meaning assigned to that term in Section 2 of this Agreement.

1.1.2    “Proceeds” means all proceeds of, and all other profits, rentals or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or realization upon, any Collateral.

1.1.3    “Obligations” has the meaning assigned to that term in Section 3 of this Agreement.

1.1.4    “Security Interests” means the security interests granted pursuant to Section 2 of this Agreement, as well as all other security interests created or assigned by Debtor as additional security for the Obligations pursuant to the provisions of this Agreement.

1.1.5    “UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of Arizona, as amended from time to time, and any successor statute.

## **SECTION 2.**            Grant of Security Interests .

2.1        In order to secure the payment of the Obligations, Debtor hereby grants to Secured Party a continuing security interest in and to all right, title and interest of Debtor in the following property (all being collectively referred to as the “ **Collateral**”):

2.1.1     All appurtenances in and to the Premises;

2.1.2     All machinery, equipment, fixtures and materials now or at any time attached to the Premises together with service equipment and other personal property now or at any time hereafter located on or appurtenant to the Premises and used in connection with the management and operation thereof;

2.1.3     Any licenses, contracts, permits and agreements required or used in connection with the lease, operation or maintenance of the Premises;

2.1.4     All inventory, accounts, books, records, receivables, goodwill, and insurance proceeds created, generated or used in connection with the operation and management of the Premises;

2.1.5     All existing and future leases, subleases, licenses and other agreements for the use and occupancy of all or any portion of the Premises and all income, receipts, revenues, rents, issues and profits arising from the use or enjoyment of any portion of the Premises;

2.1.6     All Transferred Funds, as that term is defined in Section 3.10.1 of the Master IGA;

2.1.7     All money and investments held from time to time in the Pledged Account, as that term is defined in that certain Fund Transfer IGA dated November 1, 2004, 2004, between Debtor and Secured Party; and

2.1.8     All proceeds of all or any of the property described in this Section 2.1.

## **SECTION 3.**            Security for Obligations .

3.1        This Agreement secures payment of the following (collectively, the “**Obligations**”): (i) any DSH Deficiency (as such term is defined in Section 3.10.1 of the Master IGA; and (ii) rent due under the Sub-Lease Purchase Agreement.

## **SECTION 4.**            Representations and Warranties .

4.1        Debtor represents and warrants as follows:

4.1.1     Binding Obligation. This Agreement is the legally valid and binding obligation of Debtor, enforceable against it in accordance with its terms. Debtor acknowledges the truth and accuracy of the Recitals herein, which Recitals are incorporated herein by this reference.

4.1.2 Ownership of Collateral . Debtor owns or has a leasehold interest in the Collateral.

4.1.3 Valid Security Interest . This Agreement creates a valid security interest in the Collateral, securing the payment of the Obligations.

4.1.4 Authorization . The grant by Debtor of the Security Interests granted hereby and the execution, delivery and performance of this Agreement by Debtor has been duly authorized by Debtor's Board of Directors, which authorization has not been modified or rescinded and is in full force and effect. No other action is necessary for the District to enter into this Agreement.

## **SECTION 5. Further Assurances; Covenants**

5.1 Other Documents and Actions . Debtor will, from time to time, at its expense, promptly execute and deliver all instruments and documents and take all further action that may be necessary or desirable, or that Secured Party may request, in order to perfect and protect any Security Interests granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral or to carry out the provisions and purposes hereof.

5.2 Secured Party Authorized . Debtor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto (or similar documents required by any laws of any applicable jurisdiction) relating to all or any part of the Collateral without the signature of Debtor where permitted by law.

## **SECTION 6. Remedies**

6.1 Secured Party may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral). Debtor agrees that at least ten days notice to Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification.

## **SECTION 7. Termination of Security Interests; Release of Collateral**

7.1 Upon payment in full of all rent due under the Sub -Lease Purchase Agreement and upon termination of the Disproportionate Share Program (as that term is defined in the Master IGA) and any successor thereto, and if a similar program is not re-established within thirty -six (36) months thereafter, the Security Interests shall terminate and all rights to the Collateral shall revert to Debtor. Upon such termination of the Security Interests or release of any Collateral, Secured Party will, at the expense of Debtor, execute and deliver to Debtor such documents as they shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be.



**SECTION 8.**            Notices.

8.1       All notices, approvals, requests, demands and other communications hereunder shall be given as follows:

To Secured Party:     David Smith  
County Administrative Officer  
Maricopa County, Arizona  
301 West Jefferson, 10<sup>th</sup> Floor  
Phoenix, Arizona 85007  
Fax: (602) 506   -3328

With a copy to :       Maricopa County Attorney  
301 West Jefferson, Suite 800  
Phoenix, Arizona 85003  
Fax: (602) 506   -8102

To Debtor:             Maricopa County Special Health Care District  
2601 East Roosevelt Street  
Phoenix, Arizona 85034  
Fax: (602) 344   -5190

With a copy to:       William J. Sims III  
Moyes Storey  
1850 North Central Avenue, Suite 1100  
Phoenix, Arizona 85004  
Fax: (602) 274   -9135

8.2       Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

**SECTION 9.**            Waivers, Non -Exclusive Remedies .

9.1       No failure on the part of Secured Party to exercise, and no delay in exercising and no course of dealing with respect to, any power, privilege or right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by Secured Party of any power, privilege or right under this Agreement preclude any other or further exercise thereof or the exercise of any other power, privilege or right. The powers, privileges and rights in this Agreement are cumulative and are not exclusive of any other remedies provided by law.

**SECTION 10.**         Successors and Assigns

10.1      This Agreement is for the benefit of Secured Party and its successors and assigns, and in the event of an assignment of all or any of the Obligations, the rights hereunder, to the extent applicable to the Obligations so assigned, may be transferred with such Obligations. This Agreement shall be binding on Debtor and their respective successors and assigns.

**SECTION 11.**        Applicable Law.

11.1        This Agreement shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of Arizona, without regard to conflicts of laws principles.

**SECTION 12.**        Acknowledgment.

12.1        Debtor and Secured Party hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, "**County Counsel**") represent both parties to this Agreement in accordance with the requirements of A.R.S. § 48-5541.01.M.2, and each party waives any claim of conflict of interest which may arise by virtue of such representation of both parties to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Secretary of the Board

**APPROVED AS TO FORM:**

\_\_\_\_\_  
William J. Sims III  
Attorney for Maricopa County Special  
Health Care District

## **EXHIBIT “A”**

## EXHIBIT IGA-17

### PROMISSORY NOTE

Principal Amount:

\$ \_\_\_\_\_

Phoenix, Arizona

\_\_\_\_\_

FOR VALUE RECEIVED, the Maricopa County Special Health Care District, a tax - levying public improvement district of the State of Arizona (the “ **Maker**”), promise s to pay to the order of Maricopa County, a political subdivision of the State of Arizona, at Phoenix, Arizona, (the “ **Holder**”), its successors and assigns, ON DEMAND, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), plus interes t thereon at the rate of \_\_\_\_ percent (\_\_\_\_%) per annum.

All payments and other credits shall be applied (a) first, to fees, costs and expenses payable by the Maker under this Note, and (b) second, to principal.

This Note is executed pursuant to that certa in Intergovernmental Agreement dated November 1, 2004, as amended, (“ **Master IGA**”) and that certain Sub -Lease Purchase Agreement (“ **Sub-Lease Purchase Agreement**”) between Maker and Holder and is secured by a Deed of Trust and Assignment of Rents (“ **Deed of Trust**”) and Security Agreement (“ **Security Agreement**”) of even date herewith. The principal amount, terms, date, and execution of this Note shall be completed and this Note shall become effective upon the Maker’ s exercise of its option to purchase under the Sub-Lease Purchase Agreement.

Upon the occurrence of any Event of Default defined in the Deed of Trust, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable without notice. The Holder may waive any default bef ore or after the same has been declared and restore this Note to full force without impairing any rights hereunder, such right of waiver being a continuing one.

Demand, notice and protest are expressly waived.

If suit or other legal proceeding or any non judicial foreclosure proceeding is instituted or any other action is taken by the Holder to collect all or any part of the indebtedness evidenced hereby or to proceed against any collateral for any portion of such indebtedness, the Maker promises to pay th e Holder’ s reasonable attorneys’ fees and other costs (to be determined by the court and not by jury) incurred thereby. Such fees and costs shall be included in any judgment obtained by the Holder, shall bear interest at the default rate set forth above.

After maturity, then all amounts outstanding hereunder shall thereafter bear interest at the rate of ten (10%) per annum until paid.

Upon termination of the Disproportionate Share Program(as that term is defined in the Master IGA) and any successor thereto, and if a similar program is not reestablished within thirty -six (36) months thereafter, this Note shall be deemed null and void, and the debt represented by this Note shall be forgiven.

Failure of the Holder to exercise any option hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default or in the event of continuance of any existing default after demand for strict performance thereof.

This Note shall be construed according to the substantive laws and judicial decisions of the State of Arizona. Any action brought to enforce this Note may be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa. Maker and any sureties, endorsers and guarantors irrevocably consent to jurisdiction and venue in such court for such purposes.

IN WITNESS WHEREOF, this Note has been executed as of the date first written above.

MARICOPA COUNTY SPECIAL HEALTH  
CARE DISTRICT, a tax -levying public  
improvement district of the State of Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTES T:

\_\_\_\_\_  
Secretary of the Board

## EXHIBIT IGA-18

### ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (“**Assignment**”) is executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 2004, by MARICOPA COUNTY, ARIZONA, a political subdivision of the State of Arizona (“**Assignor**”), and MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying public improvement district of the State of Arizona (“**Assignee**”).

Assignor hereby transfers and conveys all of its rights, assets and leasehold interest in the real property described on Exhibit “A” attached hereto, and made a part hereof, to Assignee, effective on the Transfer Date (as that term is defined in that certain Intergovernmental Agreement by and between the Assignor and Assignee, dated \_\_\_\_\_), provided the conditions to the transfer of the Delivery System (as that term is defined in such Intergovernmental Agreement) are satisfied or waived. Assignor’s leasehold interest is described in the document known as Maricopa County Lease No. \_\_\_\_\_, executed on \_\_\_\_\_, between Maricopa County and \_\_\_\_\_ as Lessor and is fully described on Exhibit “A”. The leasehold interest is generally described as \_\_\_\_\_ located at \_\_\_\_\_, expiring \_\_\_\_\_. Paragraph \_\_\_\_\_ of the lease provides for the lessee (Assignor) to assign the lease with written permission of the Lessor \_\_\_\_\_. Lessor’s execution of the statement of consent to assignment, incorporated into this Assignment, is acknowledgement of lessor’s written permission to accept this Assignment and allow Assignee to legally assume responsibility, replace Assignor as lessee, and release Assignor from all obligations, duties, and responsibilities pursuant to Lease No. \_\_\_\_\_.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby transfers and assigns to Assignee all right, title and interest of Assignor as lessee in and to the above mentioned Lease, and Assignee hereby assumes all obligations of the Assignor as lessee under the Lease arising from and after the Transfer Date.

By execution hereof, the parties hereby give notice to \_\_\_\_\_, Lessor under the Lease, of said transfer of interest, and that Lessor is hereby instructed to send all future rent invoices to Assignee at the following address, commencing with the first rent payment due after the Transfer Date:

Maricopa County Special Health Care District  
Attention: Accounts Payable  
2619 E. Pierce Street  
Phoenix, AZ 85008

This Assignment may be executed in any number of counterparts, each of which may be executed by any one or more of the parties hereto, but all of which shall constitute one instrument, and shall be binding and effective when all parties hereto have executed at least one counterpart.

Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

Assignor and Assignee hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, “ **County Counsel**”) represent both parties to this Assignment in accordance with the requirements of A.R.S. § 48 - 5541.01.M.2, and each party waives any claim of conflict of interest which may arise by virtue of such representation of both parties to this Assignment.

The terms and provisions of this Assignment shall be binding upon and inure to the benefit of the respective parties here to and their respective successors and assigns.



EXECUTED as of the day and year first written above.

**ASSIGNOR:**

MARICOPA COUNTY, ARIZONA, a political  
subdivision of the State of Arizona

By: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Clerk of the Board of Supervisors

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Deputy County Attorney

**ASSIGNEE:**

MARICOPA COUNTY SPECIAL HEALTH  
CARE DISTRICT, a tax -levying public  
improvement district of the State of Arizona

By: \_\_\_\_\_

Its: Chairman

## CONSENT TO ASSIGNMENT OF LEASE

By execution of this statement \_\_\_\_\_, as Lessor to that certain lease known as Maricopa County Lease No. \_\_\_\_\_, a copy of which is hereby attached, herein acknowledges, accepts and grants the substitution of Maricopa County Special Health Care District for Maricopa County as Lessee and hereby releases and holds harmless Maricopa County from any further duties, responsibilities and liabilities that would accompany the Lessee of said lease for the existing term and any extensions thereof.

### **LESSOR:**

\_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT IGA-19**

**BILL OF SALE**

MARICOPA COUNTY, a political subdivision of the State of Arizona (" **Seller**"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby transfer, convey, sell, assign and deliver unto the MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying public improvement district of the State of Arizona ("**Buyer**"), all of Seller's right, title and interest in and to the personal property described on Exhibit A hereto (the " **Assets**"):

**SELLER WARRANTS THAT THE ASSETS ARE DELIVERED FREE AND CLEAR OF ANY LIENS, CLAIMS OR OTHER ENCUMBRANCES EXCEPT THOSE PREVIOUSLY DISCLOSED IN WRITING TO BUYER.**

**SELLER expressly disclaims any and all warranties, including any warranty concerning whether the goods are MERCHANTABLE or fit for any particular purpose.**

**SELLER covenants to Buyer that it has good right to sell the Assets and that it will warrant and defend the title thereto against the lawful claims and demands of all persons claiming by, through or under Seller.**

Executed at Phoenix, Arizona, effective for all purposes as of January 1, 2005.

MARICOPA COUNTY, a political subdivision of  
the State of Arizona

By: \_\_\_\_\_  
Andrew Kunasek, Chairman  
Maricopa County Board of Supervisors

ATT EST:

\_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy County Attorney

**Exhibit A**  
**To Bill of Sale**

**Schedule of Personal Property (Assets)**

The Assets include but are not limited to all furniture, fixtures, equipment, machinery, tools, supplies, inventory, keys, combinations to locks, goodwill, books, records, accounts, receivables, trade name, trademark, bank accounts, trust accounts, deposits prepaid expenses and other tangible and intangible personal property owned by the Seller and used at or in connection with the use, operation and/or maintenance of the Delivery System as that term is defined in that certain Intergovernmental Agreement, dated January 1, 2005, between Seller and Buyer (excluding therefrom only those items leased by the Seller), located at the following locations and any other locations utilized by Seller in connection with the use, operation and/or maintenance of the Delivery System:

2601 East Roosevelt Street  
Phoenix, Arizona

811 South Hamilton  
Chandler, Arizona

2611 East Pierce Street  
Phoenix, Arizona

12428 West Thunderbird Road  
El Mirage, Arizona

950 East Van Buren  
Avondale, Arizona

5141 West Lamar Road  
Glendale, Arizona

916 East Baseline #121 - 128  
Mesa, Arizona

5825 East Calle Guadalupe  
Guadalupe, Arizona

10220 North 31st Avenue  
Phoenix, Arizona

59 South Hibbert Street  
Mesa, Arizona

1144 East McDowell Road  
Phoenix, Arizona

934 West Hatcher  
Phoenix, Arizona

570 West Brown Street  
Mesa, Arizona

33 West Tamarisk  
Phoenix, Arizona

2525 East Roosevelt  
Phoenix, Arizona

1407 South 9th Avenue  
Phoenix, Arizona

4005 North 51st Avenue  
Phoenix, Arizona

## EXHIBIT IGA-20

### PERSONAL PROPERTY SECURITY AGREEMENT

THIS SECURITY AGREEMENT (“ **Agreement**”), dated as of January 1, 2005, executed by MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying special improvement district of the State of Arizona (“ **Debtor**”), and MARICOPA COUNTY, a political subdivision of the State of Arizona (“ **Secured Party**”).

#### WITNESSETH:

WHEREAS, Debtor and Secured Party entered into to that certain Intergovernmental Agreement dated November 1, 2004 (“ **Master IGA**”), whereby Secured Party agreed to convey to Debtor certain assets of Secured Party for Debtor’s use in its operation of the Delivery System (as that term is defined in the Master IGA) (“ **Personal Property**”); and

WHEREAS, Debtor agreed to provide Secured Party certain protections concerning the Personal Property;

NOW, THEREFORE, in consideration of the premises, Debtor hereby agrees as follows:

#### **SECTION 1. Definitions.**

1.1 Certain Defined Terms. The following terms, as used herein, have the meanings set forth below:

1.1.1 “Collateral” has the meaning assigned to that term in Section 2 of this Agreement.

1.1.2 “Proceeds” means all proceeds of, and all other profits, rentals or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or realization upon, any Collateral.

1.1.3 “Obligation” has the meaning assigned to that term in Section 3 of this Agreement.

1.1.4 “Security Interests” means the security interests granted pursuant to Section 2 of this Agreement, as well as all other security interests created or assigned by Debtor as additional security for the Obligations pursuant to the provisions of this Agreement.

1.1.5 “UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of Arizona, as amended from time to time, and any successor statute.

## **SECTION 2. Grant of Security Interests .**

2.1 In order to secure the payment of the Obligation, Debtor hereby grants to Secured Party a continuing security interest in and to all right, title and interest of Debtor in the Personal Property at the locations listed on Exhibit A attached hereto (“ **Premises**”), as follows: (collectively referred to as the “ **Collateral**”):

2.1.1 All machinery, equipment, fixtures and materials now or at any time attached to the Premises together with service equipment and other personal property now or at any time hereafter located on or appurtenant to the Premises and used in connection with the management and operation thereof;

2.1.2 Any licenses, contracts, permits and agreements required or used in connection with the lease, operation or maintenance of the Premises;

2.1.3 All inventory, accounts, books, records, receivables, goodwill, and insurance proceeds created, generated or used in connection with the operation and management of the Premises;

2.1.4 All existing and future leases, subleases, licenses and other agreements for the use and occupancy of all or any portion of the Premises and all income, receipts, revenues, rents, issues and profits arising from the use or enjoyment of any portion of the Premises;

2.1.5 All Transferred Funds, as that term is defined in Section 3.10.1 of the Master IGA; and

2.1.6 All proceeds of all or any of the property described in this Section 2.1.

## **SECTION 3. Security for Obligations .**

3.1 This Agreement secures the payment of any DSH Deficiency (as that term is defined in the Master IGA) (the “ **Obligation**”).

## **SECTION 4. Representations and Warranties .**

4.1 Debtor represents and warrants as follows:

4.1.1 Binding Obligation. This Agreement is the legally valid and binding obligation of Debtor, enforceable against it in accordance with its terms. Debtor acknowledges the truth and accuracy of the Recitals herein, which Recitals are incorporated herein by this reference.

4.1.2 Ownership of Collateral. Debtor owns or has a leasehold interest in the Collateral.

4.1.3 Valid Security Interest. This Agreement creates a valid security interest in the Collateral, securing the payment of the Obligations.

4.1.4 Authorization. The grant by Debtor of the Security Interests granted hereby and the execution, delivery and performance of this Agreement by Debtor has been duly authorized by Debtor's Board of Directors, which authorization has not been modified or rescinded and is in full force and effect. No other action is necessary for the District to enter into this Agreement.

## **SECTION 5. Further Assurances; Covenants**

5.1 Other Documents and Actions. Debtor will, from time to time, at its expense, promptly execute and deliver all instruments and documents and take all further action that may be necessary or desirable, or that Secured Party may request, in order to perfect and protect any Security Interests granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral or to carry out the provisions and purposes hereof.

5.2 Secured Party Authorized. Debtor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto (or similar documents required by any laws of any applicable jurisdiction) relating to all or any part of the Collateral without the signature of Debtor where permitted by law.

## **SECTION 6. Remedies**

6.1 Secured Party may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral). Debtor agrees that at least ten days notice to Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification.

## **SECTION 7. Termination of Security Interests; Release of Collateral**

7.1 Upon payment in full of the Obligation and upon termination of the Disproportionate Share Program (as that term is defined in the Master IGA) and any successor thereto, and if a similar program is not re-established within thirty-six (36) months thereafter, the Security Interests shall terminate and all rights to the Collateral shall revert to Debtor. Upon such termination of the Security Interests or release of any Collateral, Secured Party will, at the expense of Debtor, execute and deliver to Debtor such documents as they shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be.

## **SECTION 8. Notices**

8.1 All notices, approvals, requests, demands and other communications hereunder shall be given as follows:

To Secured Party: David Smith  
County Administrative Officer  
Maricopa County, Arizona  
301 West Jefferson, 10<sup>th</sup> Floor  
Phoenix, Arizona 85007  
Fax: (602) 506 -3328

With a copy to : Maricopa County Attorney  
301 West Jefferson, Suite 800  
Phoenix, Arizona 85003  
Fax: (602) 506 -8102

To Debtor: Maricopa County Special Health Care District  
2601 East Roosevelt Street  
Phoenix, Arizona 85034  
Fax: (602) 344 -5190

With a copy to: William J. Sims III  
Moyes Storey  
1850 North Central Avenue, Suite 1100  
Phoenix, Arizona 85004  
Fax: (602) 274 -9135

8.2 Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

**SECTION 9. Waivers, Non -Exclusive Remedies.**

9.1 No failure on the part of Secured Party to exercise, and no delay in exercising and no course of dealing with respect to, any power, privilege or right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by Secured Party of any power, privilege or right under this Agreement preclude any other or further exercise thereof or the exercise of any other power, privilege or right. The powers, privileges and rights in this Agreement are cumulative and are not exclusive of any other remedies provided by law.

**SECTION 10. Successors and Assigns**

10.1 This Agreement is for the benefit of Secured Party and its successors and assigns, and in the event of an assignment of all or any of the Obligations, the rights hereunder, to the extent applicable to the Obligations so assigned, may be transferred with such Obligations. This Agreement shall be binding on Debtor and their respective successors and assigns.

**SECTION 11. Applicable Law.**

11.1 This Agreement shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of Arizona, without regard to conflicts of laws principles.



**SECTION 12.**        Acknowledgement.

12.1 Debtor and Secured Party hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, "**County Counsel**") represent both parties to this Agreement in accordance with the requirements of A.R.S. § 48-5541.01.M.2, and each party waives any claim of conflict of interest which may arise by virtue of such representation of both parties to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Secretary of the Board

**APPROVED AS TO FORM:**

\_\_\_\_\_  
William J. Sims III  
Attorney for Maricopa County Special  
Health Care District

## **EXHIBIT A**

Chandler Family Health Center  
811 South Hamilton  
Chandler, Arizona

El Mirage Family Health Center  
12428 West Thunderbird Road  
El Mirage, Arizona

Glendale Family Health Center  
5141 West Lamar Road  
Glendale, Arizona

Guadalupe Family Health Center  
5825 East Calle Guadalupe  
Guadalupe, Arizona

Mesa Family Health Center  
59 South Hibbert Street  
Mesa, Arizona

Sunnyslope Family Health Center  
934 West Hatcher  
Phoenix, Arizona

South Central Family Health Center  
33 West Tamarisk  
Phoenix, Arizona

7th Avenue Family Health Center  
1407 South 9th Avenue  
Phoenix, Arizona

Maryvale Family Health Center  
4011 North 51st Avenue  
Phoenix, Arizona

## EXHIBIT IGA-21

### PROMISSORY NOTE

Principal Amount:  
\$20,350,000

Phoenix, Arizona  
January 1, 2005

FOR VALUE RECEIVED, the Maricopa County Special Health Care District, a tax - levying public improvement district of the State of Arizona (the “ **Maker**”), promises to pay to the order of Maricopa County, a political subdivision of the State of Arizona, at Phoenix, Arizona, (the “ **Holder**”), its successors and assigns, ON DEMAND, the principal sum of Twenty Million Three Hundred Fifty Thousand Dollars (\$20,350,000), plus interest thereon at the rate of \_\_\_\_ percent (\_\_\_\_%) per annum.

All payments and other credits shall be applied (a) first, to fees, costs and expenses payable by the Maker under this Note, and (b) second, to principal.

This Note is executed pursuant to that certain Intergovernmental Agreement dated November 1, 2004, as amended (“ **Master IGA**”), between the Maker and the Holder and is secured by a Security Agreement (“**Security Agreement**”) of even date herewith.

Upon Maker’s failure to pay the Obligation as defined in the Security Agreement, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable without notice. The Holder may waive any default before or after the same has been declared and restore this Note to full force without impairing any rights hereunder, such right of waiver being a continuing one.

Demand, notice and protest are expressly waived.

If suit or other legal proceeding or any nonjudicial foreclosure proceeding is instituted or any other action is taken by the Holder to collect all or any part of the indebtedness evidenced hereby or to proceed against any collateral for any portion of such indebtedness, the Maker promises to pay the Holder’s reasonable attorneys’ fees and other costs (to be determined by the court and not by jury) incurred thereby. Such fees and costs shall be included in any judgment obtained by the Holder, shall bear interest at the default rate set forth above.

After maturity, then all amounts outstanding hereunder shall thereafter bear interest at the rate of ten (10%) per annum until paid.

Upon termination of the Disproportionate Share Program (as that term is defined in the Master IGA) and any successor thereto, and if a similar program is not re-established within thirty-six (36) months thereafter, this Note shall be deemed null and void, and the debt represented hereby shall be forgiven.

Failure of the Holder to exercise any option hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default or in the event of continuance of any existing default after demand for strict performance thereof.

This Note shall be construed according to the substantive laws and judicial decisions of the State of Arizona. Any action brought to enforce this Note may be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa. Maker and any sureties, endorsers and guarantors irrevocably consent to jurisdiction and venue in such court for such purposes.

IN WITNESS WHEREOF, this Note has been executed as of the date first written above.

MARICOPA COUNTY SPECIAL HEALTH  
CARE DISTRICT, a tax -levying public  
improvement district of the State of Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTES T:

\_\_\_\_\_  
Secretary of the Board

## EXHIBIT IGA-22

### PERSONAL PROPERTY SUBLEASE FOR CARDIAC MONITORING AND TELEMETRY EQUIPMENT

THIS PERSONAL PROPERTY SUBLEASE (“**Sublease**”) is dated this 1st day of November, 2004 and made by and between MARICOPA COUNTY, a political subdivision of the State of Arizona, (“**Lessor**”), and, the MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax-levying public improvement district of the State of Arizona (“**Lessee**”), collectively referred to in this Sublease as the “**Parties**” and individually as “**Party**”.

#### RECITALS:

- A. WHEREAS, Lessor has entered into a lease for certain Cardiac Monitoring and Telemetry Equipment (“**Property**”) with Siemens Medical Solutions USA, Inc., G.E. Medical Systems, and Philips Medical Systems, (collectively, “**Vendor**”) as more fully described and attached hereto as Exhibit A; and
- B. WHEREAS, Lessor desires to lease to the Lessee and the Lessee desires to lease from the Lessor such Property pursuant to the terms of this Sublease; and
- C. WHEREAS, it is in the best interest of the Parties and of the public for the Parties to enter into this Sublease; and
- D. WHEREAS, A.R.S. §48 -5541.01(J) provides that if a health care district chooses to acquire or lease from a county an asset of a health system as defined in section 11 - 1401, the board of supervisors of that county, by a majority vote, may convey, sell, lease or otherwise transfer title to any such asset of a health system to the district and transfer any health system liability as defined in section 11 -1401 to the district; and

NOW THEREFORE, in consideration of the foregoing, the adequacy of which is hereby acknowledged, the Parties agree as follows:

#### DEFINITIONS:

- 1. “**A.R.S.**” means Arizona Revised Statutes.
- 2. “**Final Renewal Term**” shall mean the renewal term during which the final periodic rental payment of Lessee is scheduled to be paid.
- 3. “**Internal Revenue Code**” shall mean the Internal Revenue Code of 1986.
- 4. “**Lessee**” means the Maricopa County Special Health Care District, acting through its Board of Directors and pursuant to state statutes.

5. **"Lessor"** means Maricopa County, acting through its Board of Supervisors and pursuant to state statutes.
6. **"Master IGA"** shall mean that certain Intergovernmental Agreement by and between Maricopa County and the Maricopa County Special Health Care District, dated November 1, 2004.
7. **"Original Term"** shall mean the period beginning November 1, 2004 and ending on June 30, 2006.
8. **"Property"** means the equipment specifically described in Exhibit A.
9. **"Renewal Term"** shall mean the successive annual periods of renewal beginning on the first day of July following the end of the Original Term until the Final Renewal Term.
10. **"State"** means the State of Arizona.
11. **"Sublease"** means this Personal Property Sublease with an option to purchase the Property according to the terms hereof along with any exhibits of which are attached hereto and incorporated herein by reference as if set forth in full.
12. **"Sublease Term"** means the total payment period shown in Section 11.2 of this Sublease and the Amortization Schedule, Exhibit B, over which Lessee is obligated to make lease payments, and includes: (i) the Original Term; (ii) the Renewal Terms; and (iii) the Final Renewal Term.
13. **"Transfer Date"** means the date as defined in that certain Intergovernmental Agreement by and between the Parties dated November 1, 2004.
14. **"USFR"** means the Uniform System of Financial Records.

ARTICLE 1  
LESSEE'S REPRESENTATIONS AND DISCLAIMERS

- 1.1 Representations and Warranties. Lessee represents and warrants for the benefit of the Lessor and its assignees, as follows:
  - 1.1.1 Legality of the Transaction. Lessee is authorized under the Constitution and laws of the State to enter into this Sublease and the transaction contemplated hereby, and to perform all of its obligations hereunder.
  - 1.1.2 Sublease is Enforceable. Lessee is duly authorized to execute and deliver this Sublease, and further represents and warrants that the officials executing this Sublease on behalf of the Lessee are lawfully and duly

authorized to do so, and all other requirements have been met in order to ensure the enforceability of this Sublease.

- 1.1.3 Initial Funding. Lessee has adequate funds to meet its obligations during the Original Term and reasonably believes that it will obtain funds of an amount sufficient to make all payments during the Renewal Terms and the Final Renewal Term. It is Lessee's intent to make payments for the Sublease Term as described in the Amortization Schedule and to acquire unencumbered title to the Property upon the final lease payment.

- 1.1.4 **NO WARRANTIES BY LESSOR AS TO PROPERTY. LESSEE UNDERSTANDS THAT LESSOR IS NOT THE MANUFACTURER OF THE PROPERTY, NOR THE AGENT OR REPRESENTATIVE OF THE MANUFACTURER, AND THAT LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND, EXPRESSED OR IMPLIED, RELATING TO THE PROPERTY OR PATENTS RELATING THERETO; AND THAT LESSOR MAKES NO WARRANTY AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY. LESSEE SPECIFICALLY WAIVES ALL RIGHTS TO MAKE CLAIM UNDER THIS LEASE AGAINST LESSOR OR ITS ASSIGNEES FOR ANY BREACH OF WARRANTY, EXPRESSED OR IMPLIED. LESSOR SHALL NOT BE LIABLE TO THE LESSEE FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED DIRECTLY OR INDIRECTLY, BY ANY PORTION OF THE PROPERTY OR FOR THE USE OR MAINTENANCE THEREOF, OR FOR FAILURE OF OPERATION THEREOF, OR FOR THE REPAIRS, SERVICE OR ADJUSTMENT THERETO, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY THEREOF, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF FOR ANY LOSS OF BUSINESS OR ANY OTHER DAMAGE, WHATSOEVER AND HOWEVER CAUSED. NO DEFECT OR UNFITNESS OF THE PROPERTY SHALL RELIEVE LESSEE OF ITS OBLIGATION TO PAY RENT OR ANY OTHER OBLIGATION UNDER THIS LEASE TO LESSOR.**

- 1.1.5. Tax-Exempt Status of This Transaction . Lessee represents covenants and warrants as follows:

- 1.1.5.1 Lessee shall not do, cause to be done, or if notified by Lessor as provided below fail to do any act which will cause this Sublease to be an arbitrage bond within the meaning of Section 148(a) of the Internal Revenue Code.

1.1.5.2 Lessee shall not do, cause to be done, or if notified by Lessor as provided below fail to do any act which will cause this Sublease to be a private activity bond within the meaning of Section 141(a) of the Internal Revenue Code.

Concerning the preceding Sections 1.1.5.1 and 1.1.5.2, if Lessor becomes aware of any such act or acts, Lessor shall timely notify Lessee so that Lessee can comply with Sections 1.1.5.1. and 1.1.5.2 .

1.1.6. Essential Use. Lessee represents that the use of the Property is essential to its operations.

## ARTICLE 2 LESSOR'S REPRESENTATIONS

- 2.1 Sublease of the Property. Lessor recognizes that the transaction described in this Sublease is a lease of the Property with title in Lessee subject to the encumbrance described in Article 5 of this Sublease.
- 2.2 No Indebtedness Created Lessor understands that the lease payments under this Sublease shall be made on the dates and in the amounts described in Article 11 and the Amortization Schedule, and that the lease payments under this Sublease shall constitute a current expense of Les see and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by Lessee; nor shall anything contained herein constitute a p ledge of the revenues, funds or monies of the Lessee.

## ARTICLE 3 TERM

- 3.1 Term. The term of this Sublease shall commence on the Transfer Date as that term is defined in Definition 13 above and the Master IGA.
- 3.1.1 The Sublease Term continues until this Sublease is terminated (a) by mutual agreement; or (b) when final payment pursuant to Article 4 and Exhibit B is made from Lessee to Lessor.

## ARTICLE 4 PAYMENT

- 4.1. Amount and When Due. Lessee shall make lease payments, exclusively from legally available funds, in lawful money of the United States of America to Lessor in the amounts and on the dates set forth in Section 11.4 and Section 11.5 of this Sublease and in the Amortization Schedule ( Exhibit B ), which sets forth the interest



component and the principal component of each lease payment, during the Sublease Term of this Sublease.

- 4.1.1. First Sublease Payment. The first lease payment shall be due from Lessee to Lessor as set forth in Section 11.4 of this Sublease.
- 4.2. Late Payment Penalty. Payment delivered to Lessor after the due date will be subject to a late charge at the daily rate shown as the Late Charge in Section 11.7 for each day which has elapsed after the due date.
- 4.3. Payment During a Dispute. The obligations of Lessee to make rental payments required under this Sublease shall be absolute and unconditional in all events, except as expressly provided under this Sublease. Notwithstanding any dispute between the Lessee and Lessor, or any other person, Lessee shall make all payments when due and shall not withhold any payments pending final resolution of such dispute, nor shall Lessee assert any right of setoff or counterclaim against its obligation to make rental payments hereunder during the Sublease Term.
- 4.4. Taxes. Because the Property shall be used by Lessee for a governmental purpose of Lessee, the parties contemplate that the Property will be exempt from all taxes assessed and levied with respect to the Property. The parties further contemplate that, unless otherwise shown in this Sublease, all transaction privilege (sales and use) taxes applicable to the acquisition or use of the Property, including any equipment or other property acquired by Lessee in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Property, have been paid or will be paid by Lessee.
- 4.5. Right to Prepay; Release. So long as Lessee is not in default, Lessee shall have the right to prepay part or all of its obligation for the principal component of the lease amounts set forth according to the dates and amounts provided in the Amortization Schedule or prorated by Lessor to the specific date of the payment, upon giving Lessor sixty (60) days' prior written notice. No pre-payment penalty shall be assessed. Payment must be received by the specific date established. Upon Lessee's exercise of its right of prepayment or having satisfied all of its monetary and other obligations hereunder, Lessor shall release its security interest in the Property, if any.
- 4.6. Release of Lessor's Interest. Upon Lessee's payment of all lease payments and all other amounts, if any, due under the lease, Lessee shall own the property full and clear of any interest of Lessor and Lessor shall execute documents reasonably required to evidence the release of Lessor's security interest in the property.

4.7. Taxes and Other Charges

4.7.1 Net, Net, Net Sublease. The parties agree that this Sublease is a net, net, net lease. Therefore, Lessee shall pay, promptly when due and before penalty or interest accrues thereon, all taxes, assessments, whether general or special, and other governmental charges of any kind whatsoever, foreseen or unforeseen, ordinary or extraordinary, that now or may hereafter at any time during the Sublease Term be assessed or levied against or with respect to the Property which, if not paid, may become or be made a lien on the Property. Nothing in this subparagraph shall be construed to be an agreement on the part of Lessee to pay any taxes, assessments or other governmental charges Lessee is not otherwise required by law to pay.

4.7.2 Lessee Right To Contest Charges. Notwithstanding Section 4.7.1, Lessee may, at its expense and after prior written notice to Lessor, by appropriate proceedings diligently prosecuted, contest in good faith the validity or amount of any such taxes, assessments and other charges, and during the period of contest need not pay the items so contested. As a condition to and prior to pursuit of such a contest, Lessee shall deliver to Lessor an opinion of Lessee's counsel to the effect that by nonpayment of any such items, the interest created by this Sublease as to the Property will not be materially affected or the Property will not be subject to imminent loss or forfeiture. Otherwise, Lessee shall promptly pay such taxes, assessments or charges. During the period when any taxes, assessments or other charges so contested remain unpaid, Lessee shall set aside on its books adequate reserves with respect to the unpaid amounts.

4.8. Additional Rent. In order to comply with Section 4.7, Lessee agrees to pay to Lessor the following amount, whenever applicable, as additional rent:

4.8.1 Lessee represents that no charges or taxes (local, State or federal) are currently imposed on the ownership, lease, sale, purchase, possession or use of the Property and acknowledges that no provision has been made for the inclusion of any such charges or taxes in the rent. If at any time during the Sublease Term of this Sublease the ownership, lease, sale, purchase, possession or use of the Property shall result in the imposition on Lessor of any charges, assessments or taxes (local, State or federal), Lessee shall promptly pay to Lessor, upon receipt from Lessor of a statement therefore, as additional rent an amount equal to those charges and taxes imposed on Lessor.

ARTICLE 5  
INTERESTS OF TITLE AND SECURITY

- 5.1. Title; Security Interest; Recording Documents . Legal title to the Property shall be vested in Lessee on the Transfer Date. Lessor may file or record any part, or all, of this Sublease to evidence or protect Lessor's security interest in the Property.
- 5.2. The Property Is Personal Property . The Property is and shall remain personal property and shall not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Property or any part thereof may be or hereinafter become in any manner physically affixed or attached to real estate or any building thereon.
- 5.3. Return of Property if Lessee Terminates . Upon the termination of this Sublease caused by Lessee's default, the right of possession and legal title to the Property shall pass to Lessor. In that event, Lessee, at its expense, shall remove all alterations, additions and attachments, and repair the Property as necessary to return the Property to the condition in which it was furnished to Lessee, reasonable wear and tear excepted. Any replacements or repair parts are Property subject to the terms of this Sublease. At Lessor's request Lessee shall provide Lessor with a certificate regarding the maintainability of the Property, and arrange and pay for such repairs necessary to ensure that the manufacturer accepts the Property for contract maintenance at its then standard rates.

ARTICLE 6  
MAINTENANCE AND INSPECTION OF PROPERTY

- 6.1. Maintenance. Lessee agrees that at all times during the Sublease Term Lessee shall, at Lessee's own cost and expense, maintain, preserve and keep the Property in good repair, working order and condition, and that Lessee from time to time shall make or cause to be made all necessary and proper repairs, replacements and renewals to the Property. Lessor shall have no responsibility in any of these matters, or for the making of improvements or additions to the Property.
- 6.2. Inspection. With reasonable prior notice, Lessee shall allow Lessor to enter the premises where the Property is located during normal business hours to inspect the Property in order to determine whether Lessee is fulfilling its responsibilities. At such times Lessor shall conform in all respects with physical, fire and other published security regulations.

ARTICLE 7  
RISK OF LOSS

- 7.1. Insurance and Damages. Lessee shall use the Property in a careful and proper manner. Lessee, shall be responsible for all risks of loss to the Property and for loss or damage to or by the Property caused by Lessee, its officers, employees or agents.

If prior to the termination of this Sublease the Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, Lessee shall promptly repair or restore the Property or pay to Lessor the pro-rated value of the destroyed or damaged Property as it relates to all the Property as then valued by the total of the principal balance reflected in the Amortization Schedule, and, upon such payment, Lessor's security interest in such the Property shall terminate. During any period that the Property is not available for use by Lessee, Lessee shall not be entitled to any reimbursement therefore from Lessor, nor shall Lessee be entitled to any diminution of the amounts payable under Article 4 of this Sublease.

7.1.1. Verification of Insurance . During the term of this Lease, Lessee shall be insured pursuant to the “**Insurance IGA**,” as that term is defined in the Master IGA. If and when the Insurance IGA terminates, Tenant shall obtain insurance that satisfies the requirements of Section 4.4 of the Master IGA.

## ARTICLE 8 ASSIGNMENT

8.1 By Lessee. This Sublease and Lessee's obligations hereunder shall not be assigned by Lessee without prior written permission of Lessor.

## ARTICLE 9 EVENTS OF DEFAULT AND REMEDIES

9.1. Remedies; Return of Title and Possession to Lessor . If Lessee defaults, Lessor may at its option do any or all of the following:

9.1.1 Terminate this Sub lease by providing written notice to Lessee.

9.1.2 Take possession of the Property wherever situated with ten (10) days' written notice before entering the premises. Upon Lessor taking possession of the Property under this section, legal title to such property automatically shall pass to Lessee without the execution of any other documents.

9.1.3 Exercise any remedies as are legally available to a secured party pursuant to Chapter 9 of the Uniform Commercial Code as in effect in the State, A.R.S. §47-910 1, et seq.

Lessee shall remain liable for reasonable damages provided by law, including all costs and expenses incurred by Lessor due to a default by Lessee, as provided in Section 10.3 of this Sublease.

ARTICLE 10  
GENERAL

- 10.1. Approval by Attorney Required. This Sublease is conditioned upon the approval as to form by Lessor's attorney and Lessee's attorney.
- 10.2. Peaceful Possession. Lessee, upon paying the charges due under this Sublease and performing all other covenants, terms, and conditions on its part to be performed hereunder, may and shall peacefully and quietly have, hold, possess and enjoy the Property for the Sublease Term without suit, molestation or interruption.
- 10.2.1. Relocate Property . Lessee at its own risk and expense may transfer the Property from one location within Lessee's district to another. Lessee shall advise Lessor in writing prior to any relocation of the Property.
- 10.3. Disputes. All disputes arising from this Sublease between the Parties shall be resolved pursuant to the Mediation and Arbitration provisions of the Master IGA.
- 10.4. Governing Law and Venue. The parties agree that this Sublease was negotiated, made and entered into in Arizona and shall be governed and interpreted under the laws of the State of Arizona. Any administrative action or other action arising out of this Sublease, including any action involving any assignee of Lessor, whether for the enforcement thereof or otherwise, shall be brought in Maricopa County.
- 10.5. Interpretation; Entire Agreement. The parties agree that the terms and conditions of this Sublease supersede those of all previous agreements between Lessee and Lessor relating to the Property and that this Sublease contains the entire agreement between the parties hereto.
- 10.6. No Implied Obligations . Except as herein otherwise expressly provided, neither party shall be required under this Sublease to provide any services or make any expenditures.
- 10.7. Amendment. This Sublease may be amended only by a written agreement signed by persons authorized to sign agreements on behalf of the parties; provided, however, that no such amendment which affects the rights of the Lessor's assignee shall be effective unless it shall have been consented to by such assignee.
- 10.8. Headings. The headings in this Sublease are for convenience only and in no way define, limit or describe the scope or intent of any provision or paragraph of this Sublease.
- 10.9. Parties Bound by This Sublease. Each party acknowledges that it has read this Sublease, understands it and agrees to be bound by its terms and conditions. Further, the parties agree that this Sublease shall be binding on the assignees and successors in interest of each of the parties.

- 10.10. Invalidity of a Term. The parties agree that in the event any term, covenant or condition herein contained should be held to be invalid or void by an administrative body or court of competent jurisdiction, the invalidity of any such term, covenant or condition shall in no way affect any other term(s), covenant(s) or condition(s) of this Sublease.
- 10.11. Inspection and Audit. All books, accounts, reports, files and other records relating to this Sublease, pursuant to USFR records retention schedule, shall be subject at all reasonable times to inspection and audit by Lessee for five (5) years after completion of this Sublease.
- 10.11. Notices. Any notice given pursuant to this Sublease shall be in writing and shall be considered to have been given when actually received at the following addressees:
- 10.11. 1. If to Lessor:
- Maricopa County Department of Finance  
Attn: Shelby Scharbach,  
Deputy Finance Director  
301 W. Jefferson Street, Ste. 960  
Phoenix, Arizona 85003 -2494  
(602) 506 -1367 (Voice)  
(602) 506 -4451 (Fax)
- 10.11.2. If to the Lessee:
- Maricopa County Special Health Care District  
2601 East Roosevelt Street  
Phoenix, Arizona 85006  
(602) 344 -1130 (Voice)  
(602) 344 -5190 (Fax)
- 10.12. Cancellation. Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.
- 10.13 Acknowledgement. Lessor and Lessee hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, "**County Counsel**") represent both parties to this Sublease in accordance with the requirements of A.R.S. § 48 -5541.01.M.2, and each party waives any claim of conflict of interest which may arise by virtue of such representation of both parties to this Sublease.

ARTICLE 11  
SPECIFIC TERMS

- 11.1. Capital Cost. The Capital Cost for the Property shall be **\$61,207.86**.
- 11.2. Sublease Term. The Sublease Term shall be **zero (0) Years and nine (9) Months** as provided in Exhibit B attached hereto.
- 11.3. Interest Rate. The Annual Interest Rate shall be three point twenty - five percent **(3.25%)**.
- 11.4. Payment Due Date. The first payment shall be due January 27<sup>th</sup>, 2005.
- 11.5. Subsequent Payments. Each subsequent payment shall be made per the amortization schedule attached hereto as Exhibit B.
- 11.6. Monthly Sublease Payment. Each monthly Sublease payment shall be made pursuant to Exhibit B as attached hereto.
- 11.7. Late Charge. Annual Interest Rate Section 11.3 plus two percent (2%), or the maximum Interest Rate permitted by law, whichever is less.
- 11.8. Vendor Contact. Vendor information may be identified in Exhibit A attached hereto.
- 11.9. Location of the Property. The Property will be located at the Maricopa Medical Center, 2601 E. Roosevelt, Phoenix, Arizona 85008.
- 11.10. Property Acceptance Date. The Property acceptance date shall be November 1, 2004 and shall be accepted pursuant to Exhibit C.

IN WITNESS WHEREOF, the Parties have signed this Sublease.

**Lessor:**

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

By: \_\_\_\_\_  
Andrew Kunasek, Chairman  
Maricopa County Board of  
Supervisors

**ATTEST:**

By: \_\_\_\_\_  
Clerk of the Board

**APPROVED AS TO FORM:**

Maricopa County Attorney

\_\_\_\_\_  
Deputy County Attorney

**Lessee:**

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Secretary of the Board

**APPROVED AS TO FORM:**

\_\_\_\_\_  
William J. Sims, III  
Attorney for the Maricopa County  
Health Care District



**EXHIBIT A**

DESCRIPTION OF THE PROPERTY

Cardiac Monitoring and Telemetry Equipment – see attached invoices

EXHIBIT B

AMORTIZATION SCHEDULE

<b>Payment t No.</b>	<b>Payment Date</b>	<b>Beginning Balance</b>	<b>Interest</b>	<b>Principal</b>	<b>Payment</b>	<b>Ending Balance</b>
1	1/27/2005	\$61,207.86	\$165.77	\$6,727.55	\$6,893.32	\$54,480.31
2	2/27/2005	\$54,480.31	\$147.55	\$6,745.77	\$6,893.32	\$47,734.54
3	3/27/2005	\$47,734.54	\$129.28	\$6,764.04	\$6,893.32	\$40,970.50
4	4/27/2005	\$40,970.50	\$110.96	\$6,782.36	\$6,893.32	\$34,188.14
5	5/27/2005	\$34,188.14	\$92.59	\$6,800.73	\$6,893.32	\$27,387.41
6	6/27/2005	\$27,387.41	\$74.17	\$6,819.15	\$6,893.32	\$20,568.26
7	7/27/2005	\$20,568.26	\$55.71	\$6,837.61	\$6,893.32	\$13,730.65
8	8/27/2005	\$13,730.65	\$37.19	\$6,856.13	\$6,893.32	\$6,874.52
9	9/27/200 5	\$6,874.52	\$18.62	\$6,874.52	\$6,893.14	\$0.00

EXHIBIT C

ACCEPTANCE CERTIFICATE

Personal Property Sublease/Multi-Term Contract ("Sublease")

By and Between

MARICOPA COUNTY,

Lessor

and

MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT,

Lessee

The date of this Sublease is November 1, 2004

1. **Acceptance.** In accordance with the Sublease, Lessee hereby certifies that all of the Property described in Exhibit A of the Sublease (i) has been received by Lessee; (ii) has been thoroughly examined and inspected to the complete satisfaction of Lessee; (iii) has been found to be and is wholly suitable for Lessee's purpose; and (iv) is hereby unconditionally accepted by Lessee, in the condition received, for all purposes of the Sublease.
2. **Property Description.** See Exhibit A of the Sublease.
3. **Payments.** Invoicing shall be mailed to Lessee at the address in Section 10.11 of the Sublease, unless a different address appears below.
4. **Date of Acceptance.** The date of Acceptance appears as the Transfer Date in Section 11.10 of the Sublease.

DATED the 1<sup>st</sup> Day of November, 2004

LESSEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT IGA-22

### PERSONAL PROPERTY SUBLEASE FOR MAGNETIC RESONANCE IMAGING (MRI) MACHINE

THIS PERSONAL PROPERTY SUBLEASE (“**Sublease**”) is dated this 1st day of November, 2004 and made by and between MARICOPA COUNTY, a political subdivision of the State of Arizona, (“**Lessor**”), and, the MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax-levying public improvement district of the State of Arizona (“**Lessee**”), collectively referred to in this Sublease as the “**Parties**” and individually as “**Party**”.

#### RECITALS:

- A. WHEREAS, Lessor has entered into a lease for a certain Magnetic Resonance Imaging (MRI) Machine (“**Property**”) with G.E. Medical Systems (“**Vendor**”) as more fully described and attached hereto as Exhibit A; and
- B. WHEREAS, Lessor desires to lease to the Lessee and the Lessee desires to lease from the Lessor such Property pursuant to the terms of this Sublease; and
- C. WHEREAS, it is in the best interest of the Parties and of the public for the Parties to enter into this Sublease; and
- D. WHEREAS, A.R.S. §48 -5541.01(J) provides that if a health care district chooses to acquire or lease from a county an asset of a health system as defined in section 11 - 1401, the board of supervisors of that county, by a majority vote, may convey, sell, lease or otherwise transfer title to any such asset of a health system to the district and transfer any health system liability as defined in section 11 - 1401 to the district; and

NOW THEREFORE, in consideration of the forgoing, the adequacy of which is hereby acknowledged, the Parties agree as follows:

#### DEFINITIONS:

- 1. "**A.R.S.**" means Arizona Revised Statutes.
- 2. "**Final Renewal Term**" shall mean the renewal term during which the final periodic rental payment of Lessee is scheduled to be paid.
- 3. "**Internal Revenue Code**" shall mean the Internal Revenue Code of 1986.
- 4. "**Lessee**" means the Maricopa County Special Health Care District, acting through its Board of Directors and pursuant to state statutes.
- 5. "**Lessor**" means Maricopa County, acting through its Board of Supervisors and pursuant to state statutes.

6. **"Master IGA"** shall mean that certain Intergovernmental Agreement by and between Maricopa County and the Maricopa County Special Health Care District, dated November 1, 2004.
7. **"Original Term"** shall mean the period beginning November 1, 2004 and ending on June 30, 2006.
8. **"Property"** means the equipment specifically described in Exhibit A.
9. **"Renewal Term"** shall mean the successive annual periods of renewal beginning on the first day of July following the end of the Original Term until the Final Renewal Term.
10. **"State"** means the State of Arizona.
11. **"Sublease"** means this Personal Property Sublease with an option to purchase the Property according to the terms hereof along with any exhibits of which are attached hereto and incorporated herein by reference as if set forth in full.
12. **"Sublease Term"** means the total payment period shown in Section 11.2 of this Sublease and the Amortization Schedule, Exhibit B, over which Lessee is obligated to make lease payments, and includes: (i) the Original Term; (ii) the Renewal Terms; and (iii) the Final Renewal Term.
13. **"Transfer Date"** means the date as defined in that certain Intergovernmental Agreement by and between the Parties dated November 1, 2004.
14. **"USFR"** means the Uniform System of Financial Records.

ARTICLE 1  
LESSEE'S REPRESENTATIONS AND DISCLAIMERS

- 1.1 Representations and Warranties. Lessee represents and warrants for the benefit of the Lessor and its assignees, as follows:
  - 1.1.1 Legality of the Transaction. Lessee is authorized under the Constitution and laws of the State to enter into this Sublease and the transaction contemplated hereby, and to perform all of its obligations hereunder.
  - 1.1.2 Sublease is Enforceable. Lessee is duly authorized to execute and deliver this Sublease, and further represents and warrants that the officials executing this Sublease on behalf of the Lessee are lawfully and duly authorized to do so, and all other requirements have been met in order to ensure the enforceability of this Sublease.

- 1.1.3 Initial Funding. Lessee has adequate funds to meet its obligations during the Original Term and reasonably believes that it will obtain funds of an amount sufficient to make all payments during the Renewal Terms and the Final Renewal Term. It is Lessee's intent to make payments for the Sublease Term as described in the Amortization Schedule and to acquire unencumbered title to the Property upon the final lease payment.
- 1.1.4 **NO WARRANTIES BY LESSOR AS TO PROPERTY. LESSEE UNDERSTANDS THAT LESSOR IS NOT THE MANUFACTURER OF THE PROPERTY, NOR THE AGENT OR REPRESENTATIVE OF THE MANUFACTURER, AND THAT LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND, EXPRESSED OR IMPLIED, RELATING TO THE PROPERTY OR PATENTS RELATING THERETO; AND THAT LESSOR MAKES NO WARRANTY AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY. LESSEE SPECIFICALLY WAIVES ALL RIGHTS TO MAKE CLAIM UNDER THIS LEASE AGAINST LESSOR OR ITS ASSIGNEES FOR ANY BREACH OF WARRANTY, EXPRESSED OR IMPLIED. LESSOR SHALL NOT BE LIABLE TO THE LESSEE FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED DIRECTLY OR INDIRECTLY, BY ANY PORTION OF THE PROPERTY OR FOR THE USE OR MAINTENANCE THEREOF, OR FOR FAILURE OF OPERATION THEREOF, OR FOR THE REPAIRS, SERVICE OR ADJUSTMENT THERETO, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY THEREOF, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF FOR ANY LOSS OF BUSINESS OR ANY OTHER DAMAGE, WHATSOEVER AND HOWEVER CAUSED. NO DEFECT OR UNFITNESS OF THE PROPERTY SHALL RELIEVE LESSEE OF ITS OBLIGATION TO PAY RENT OR ANY OTHER OBLIGATION UNDER THIS LEASE TO LESSOR.**
- 1.1.5. Tax-Exempt Status of This Transaction . Lessee represents covenants and warrants as follows:
- 1.1.5.1 Lessee shall not do, cause to be done, or if notified by Lessor as provided below fail to do any act which will cause this Sublease to be an arbitrage bond within the meaning of Section 148(a) of the Internal Revenue Code.
- 1.1.5.2 Lessee shall not do, cause to be done, or if notified by Lessor as provided below fail to do any act which will cause this Sublease to be a private activity bond within the meaning of Section 141(a) of the Internal Revenue Code.

Concerning the preceding Sections 1.1.5.1 and 1.1.5.2, if Lessor becomes aware of any such act or acts, Lessor shall timely notify Lessee so that Lessee can comply with Sections 1.1.5.1. and 1.1.5.2.

- 1.1.6. Essential Use. Lessee represents that the use of the Property is essential to its operations.

## ARTICLE 2 LESSOR'S REPRESENTATIONS

- 2.1 Sublease of the Property. Lessor recognizes that the transaction described in this Sublease is a lease of the Property with title in Lessee subject to the encumbrance described in Article 5 of this Sublease.
- 2.2 No Indebtedness Created Lessor understands that the lease payments under this Sublease shall be made on the dates and in the amounts described in Article 11 and the Amortization Schedule, and that the lease payments under this Sublease shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by Lessee; nor shall anything contained herein constitute a pledge of the revenues, funds or monies of the Lessee.

## ARTICLE 3 TERM

- 3.1 Term. The term of this Sublease shall commence on the Transfer Date as that term is defined in Definition 13 above and the Master IGA.
- 3.1.1 The Sublease Term continues until this Sublease is terminated (a) by mutual agreement; or (b) when final payment pursuant to Article 4 and Exhibit B is made from Lessee to Lessor.

## ARTICLE 4 PAYMENT

- 4.1. Amount and When Due. Lessee shall make lease payments, exclusively from legally available funds, in lawful money of the United States of America to Lessor in the amounts and on the dates set forth in Section 11.4 and Section 11.5 of this Sublease and in the Amortization Schedule (Exhibit B), which sets forth the interest component and the principal component of each lease payment, during the Sublease Term of this Sublease.
- 4.1.1. First Sublease Payment. The first lease payment shall be due from Lessee to Lessor as set forth in Section 11.4 of this Sublease.

- 4.2. Late Payment Penalty . Payment delivered to Lessor after the due date will be subject to a late charge at the daily rate shown as the Late Charge in Section 11.7 for each day which has elapsed after the due date.
- 4.3. Payment During a Dispute . The obligations of Lessee to make rental payments required under this Sublease shall be absolute and unconditional in all events except as expressly provided under this Sublease. Notwithstanding any dispute between the Lessee and Lessor, or any other person, Lessee shall make all payments when due and shall not withhold any payments pending final resolution of such dispute, nor shall Lessee assert any right of setoff or counterclaim against its obligation to make rental payments hereunder during the Sublease Term.
- 4.4. Taxes . Because the Property shall be used by Lessee for a governmental purpose of Lessee, the parties contemplate that the Property will be exempt from all taxes assessed and levied with respect to the Property. The parties further contemplate that, unless otherwise shown in this Sublease, all transaction privilege (sales and use) taxes applicable to the acquisition or use of the Property, including any equipment or other property acquired by Lessee in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Property, have been paid or will be paid by Lessee.
- 4.5. Right to Prepay; Release . So long as Lessee is not in default, Lessee shall have the right to prepay part or all of its obligation for the principal component of the lease amounts set forth according to the dates and amounts provided in the Amortization Schedule or prorated by Lessor to the specific date of the payment, upon giving Lessor sixty (60) days' prior written notice. No pre-payment penalty shall be assessed. Payment must be received by the specific date established. Upon Lessee's exercise of its right of prepayment or having satisfied all of its monetary and other obligations hereunder, Lessor shall release its security interest in the Property, if any.
- 4.6. Release of Lessor's Interest . Upon Lessee's payment of all lease payments and all other amounts, if any, due under the lease, Lessee shall own the property full and clear of any interest of Lessor and Lessor shall execute documents reasonably required to evidence the release of Lessor's security interest in the property.
- 4.7. Taxes and Other Charges
- 4.7.1 Net, Net, Net Sublease . The parties agree that this Sublease is a net, net, net lease. Therefore, Lessee shall pay, promptly when due and before penalty or interest accrues thereon, all taxes, assessments, whether general or special, and other governmental charges of any kind whatsoever, foreseen or unforeseen, ordinary or extraordinary, that now or may hereafter at any time during the Sublease Term be assessed or levied against or with respect



to the Property which, if not paid, may become or be made a lien on the Property. Nothing in this subparagraph shall be construed to be an agreement on the part of Lessee to pay any taxes, assessments or other governmental charges Lessee is not otherwise required by law to pay.

4.7.2 Lessee Right To Contest Charges. Notwithstanding Section 4.7.1, Lessee may, at its expense and after prior written notice to Lessor, by appropriate proceedings diligently prosecuted, contest in good faith the validity or amount of any such taxes, assessments and other charges, and during the period of contest need not pay the items so contested. As a condition to and prior to pursuit of such a contest, Lessee shall deliver to Lessor an opinion of Lessee's counsel to the effect that by nonpayment of any such items, the interest created by this Sublease as to the Property will not be materially affected or the Property will not be subject to imminent loss or forfeiture. Otherwise, Lessee shall promptly pay such taxes, assessments or charges. During the period when any taxes, assessments or other charges so contested remain unpaid, Lessee shall set aside on its books adequate reserves with respect to the unpaid amounts.

4.8. Additional Rent. In order to comply with Section 4.7, Lessee agrees to pay to Lessor the following amount, whenever applicable, as additional rent:

4.8.1 Lessee represents that no charges or taxes (local, State or federal) are currently imposed on the ownership, lease, sale, purchase, possession or use of the Property and acknowledges that no provision has been made for the inclusion of any such charges or taxes in the rent. If at any time during the Sublease Term of this Sublease the ownership, lease, sale, purchase, possession or use of the Property shall result in the imposition on Lessor of any charges, assessments or taxes (local, State or federal), Lessee shall promptly pay to Lessor, upon receipt from Lessor of a statement therefore, as additional rent an amount equal to those charges and taxes imposed on Lessor.

## ARTICLE 5 INTERESTS OF TITLE AND SECURITY

5.1. Title; Security Interest; Recording Documents. Legal title to the Property shall be vested in Lessee on the Transfer Date. Lessor may file or record any part, or all, of this Sublease to evidence or protect Lessor's security interest in the Property.

5.2. The Property Is Personal Property. The Property is and shall remain personal property and shall not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Property or any part thereof may be or hereinafter become in any manner physically affixed or attached to real estate or any building thereon.

- 5.3. Return of Property if Lessee Terminates. Upon the termination of this Sublease caused by Lessee's default, the right of possession and legal title to the Property shall pass to Lessor. In that event, Lessee, at its expense, shall remove all alterations, additions and attachments, and repair the Property as necessary to return the Property to the condition in which it was furnished to Lessee, reasonable wear and tear excepted. Any replacements or repair parts are Property subject to the terms of this Sublease. At Lessor's request Lessee shall provide Lessor with a certificate regarding the maintainability of the Property, and arrange and pay for such repairs necessary to ensure that the manufacturer accepts the Property for contract maintenance at its then standard rates.

## ARTICLE 6 MAINTENANCE AND INSPECTION OF PROPERTY

- 6.1. Maintenance. Lessee agrees that at all times during the Sub lease Term Lessee shall, at Lessee's own cost and expense, maintain, preserve and keep the Property in good repair, working order and condition, and that Lessee from time to time shall make or cause to be made all necessary and proper repairs, replacements and renewals to the Property. Lessor shall have no responsibility in any of these matters, or for the making of improvements or additions to the Property.
- 6.2. Inspection. With reasonable prior notice, Lessee shall allow Lessor to enter the premises where the Property is located during normal business hours to inspect the Property in order to determine whether Lessee is fulfilling its responsibilities. At such times Lessor shall conform in all respects with physical, fire and other published security regulations.

## ARTICLE 7 RISK OF LOSS

- 7.1. Insurance and Damages. Lessee shall use the Property in a careful and proper manner. Lessee, shall be responsible for all risks of loss to the Property and for loss or damage to or by the Property caused by Lessee, its officers, employees or agents. If prior to the termination of this Sublease the Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, Lessee shall promptly repair or restore the Property or pay to Lessor the pro-rated value of the destroyed or damaged Property as it relates to all the Property as then valued by the total of the principal balance reflected in the Amortization Schedule, and, upon such payment, Lessor's security interest in such the Property shall terminate. During any period that the Property is not available for use by Lessee, Lessee shall not be entitled to any reimbursement therefore from Lessor, nor shall Lessee be entitled to any diminution of the amounts payable under Article 4 of this Sublease.
- 7.1.1. Verification of Insurance. During the term of this Lease, Lessee shall be insured pursuant to the "**Insurance IGA**," as that term is defined in the Master IGA. If and when the Insurance IGA terminates, Tenant shall

obtain insurance that satisfies the requirements of Section 4.4 of the Master IGA.

## ARTICLE 8 ASSIGNMENT

- 8.1 By Lessee. This Sublease and Lessee's obligations hereunder shall not be assigned by Lessee without prior written permission of Lessor.

## ARTICLE 9 EVENTS OF DEFAULT AND REMEDIES

- 9.1. Remedies; Return of Title and Possession to Lessor. If Lessee defaults, Lessor may at its option do any or all of the following:

- 9.1.1 Terminate this Sublease by providing written notice to Lessee.
- 9.1.2 Take possession of the Property wherever situated with ten (10) days' written notice before entering the premises. Upon Lessor taking possession of the Property under this section, legal title to such property automatically shall pass to Lessee without the execution of any other documents.
- 9.1.3. Exercise any remedies as are legally available to a secured party pursuant to Chapter 9 of the Uniform Commercial Code as in effect in the State, A.R.S. §47-9101, et seq.

Lessee shall remain liable for reasonable damages provided by law, including all costs and expenses incurred by Lessor due to a default by Lessee, as provided in Section 10.3 of this Sublease.

## ARTICLE 10 GENERAL

- 10.1. Approval by Attorney Required. This Sublease is conditioned upon the approval as to form by Lessor's attorney and Lessee's attorney.
- 10.2. Peaceful Possession. Lessee, upon paying the charges due under this Sublease and performing all other covenants, terms, and conditions on its part to be performed hereunder, may and shall peacefully and quietly have, hold, possess and enjoy the Property for the Sublease Term without suit, molestation or interruption.
- 10.2.1. Relocate Property. Lessee at its own risk and expense may transfer the Property from one location within Lessee's district to another. Lessee shall advise Lessor in writing prior to any relocation of the Property.

- 10.3. Disputes. All disputes arising from this Sublease between the Parties shall be resolved pursuant to the Mediation and Arbitration provisions of the Master IGA.
- 10.4. Governing Law and Venue. The parties agree that this Sublease was negotiated, made and entered into in Arizona and shall be governed and interpreted under the laws of the State of Arizona. Any administrative action or other action arising out of this Sublease, including any action involving any assignee of Lessor, whether for the enforcement thereof or otherwise, shall be brought in Maricopa County.
- 10.5. Interpretation; Entire Agreement. The parties agree that the terms and conditions of this Sublease supersede those of all previous agreements between Lessee and Lessor relating to the Property and that this Sublease contains the entire agreement between the parties hereto.
- 10.6. No Implied Obligations. Except as herein otherwise expressly provided, neither party shall be required under this Sublease to provide any services or make any expenditures.
- 10.7. Amendment. This Sublease may be amended only by a written agreement signed by persons authorized to sign agreements on behalf of the parties; provided, however, that no such amendment which affects the rights of the Lessor's assignee shall be effective unless it shall have been consented to by such assignee.
- 10.8. Headings. The headings in this Sublease are for convenience only and in no way define, limit or describe the scope or intent of any provision or paragraph of this Sublease.
- 10.9. Parties Bound by This Sublease. Each party acknowledges that it has read this Sublease, understands it and agrees to be bound by its terms and conditions. Further, the parties agree that this Sublease shall be binding on the assignees and successors in interest of each of the parties.
- 10.10. Invalidity of a Term. The parties agree that in the event any term, covenant or condition herein contained should be held to be invalid or void by an administrative body or court of competent jurisdiction, the invalidity of any such term, covenant or condition shall in no way affect any other term(s), covenant(s) or condition(s) of this Sublease.
- 10.11. Inspection and Audit. All books, accounts, reports, files and other records relating to this Sublease, pursuant to USFR records retention schedule, shall be subject at all reasonable times to inspection and audit by Lessee for five (5) years after completion of this Sublease.
- 10.11. Notices. Any notice given pursuant to this Sublease shall be in writing and shall be considered to have been given when actually received at the following addressees:

10.11.1. If to Lessor:

Maricopa County Department of Finance  
Attn: Shelby Scharbach,  
Deputy Finance Director  
301 W. Jefferson Street, Ste. 960  
Phoenix, Arizona 85003 -2494  
(602) 506 -1367 (Voice)  
(602) 506 -4451 (Fax)

10.11.2. If to the Lessee:

Maricopa County Special Health Care District  
2601 East Roosevelt S treet  
Phoenix, Arizona 85006  
(602) 344 -1130 (Voice)  
(602) 344 -5190 (Fax)

10.12. Cancellation. Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

10.13 Acknowledgement. Lessor and Lessee hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, " **County Counsel**") represent both parties to this Sublease in accordance with the requirement s of A.R.S. § 48 -5541.01.M.2, and each party waives any claim of conflict of interest which may arise by virtue of such representation of both parties to this Sublease.

#### ARTICLE 11 SPECIFIC TERMS

11.1. Capital Cost. The Capital Cost for the Property shall be **\$1,029,026.34**.

11.2. Sublease Term. The Sublease Term shall be **three (3) Years and one (1) Months** as provided in Exhibit B attached hereto.

11.3. Interest Rate. The Annual Interest Rate shall be four point fifty percent ( **4.50%**).

11.4. Payment Due Date. The first payment shall be due January 22 <sup>nd</sup>, 2005.

11.5. Subsequent Payments. Each subsequent payment shall be made per the amortization schedule attached hereto as Exhibit B.

11.6. Monthly Sublease Payment. Each monthly Sublease payment shall be made pursuant to Exhibit B as attached hereto.

- 11.7. Late Charge. Annual Interest Rate Section 11.3 plus two percent (2%), or the maximum Interest Rate permitted by law, whichever is less.
- 11.8. Vendor Contact. Vendor information may be identified in Exhibit A attached hereto.
- 11.9. Location of the Property. The Property will be located at the Maricopa Medical Center, 2601 E. Roosevelt, Phoenix, Arizona 85008.
- 11.10. Property Acceptance Date. The Property acceptance date shall be November 1, 2004 and shall be accepted pursuant to Exhibit C.

IN WITNESS WHEREOF, the Parties have signed this Sublease.

**Lessor:**

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

By: \_\_\_\_\_  
Andrew Kunasek, Chairman  
Maricopa County Board of  
Supervisors

**ATTEST:**

By: \_\_\_\_\_  
Clerk of the Board

**APPROVED AS TO FORM:**

Maricopa County Attorney

\_\_\_\_\_  
Deputy County Attorney

**Lessee:**

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_  
Name : \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Secretary of the Board

**APPROVED AS TO FORM:**

\_\_\_\_\_  
William J. Sims, III  
Attorney for the Maricopa County  
Health Care District

## **EXHIBIT A**

### **DESCRIPTION OF THE PROPERTY**

Magnetic Resonance Imaging (MRI) Machine – see attached invoices



## EXHIBIT B

AMORTIZATION SCHEDULE

Payment No.	Payment Date	Beginning Balance	Interest	Principal	Payment	Ending Balance
1	1/22/2005	\$1,029,026.34	\$3,858.85	\$25,978.74	\$29,837.59	\$1,003,047.60
2	2/22/2005					
3	3/22/2005	976,971.44	3,663.64	26,173.95	29,837.59	950,797.49
4	4/22/2005	950,797.49	3,565.49	26,272.10	29,837.59	924,525.39
5	5/22/2005	924,525.39	3,466.97	26,370.62	29,837.59	898,154.77
6	6/22/20 05	898,154.77	3,368.08	26,469.51	29,837.59	871,685.26
7	7/22/2005	871,685.26	3,268.82	26,568.77	29,837.59	845,116.49
8	8/22/2005	845,116.49	3,169.19	26,668.40	29,837.59	818,448.09
9	9/22/2005	818,448.09	3,069.18	26,768.41	29,837.59	791,679.68
10	10/22/ 2005	791,679.68	2,968.80	26,868.79	29,837.59	764,810.89
11	11/22/2005	764,810.89	2,868.04	26,969.55	29,837.59	737,841.34
12	12/22/2005	737,841.34	2,766.91	27,070.68	29,837.59	710,770.66
13	1/22/2006	710,770.66	2,665.39	27,172.20	29,837.59	683,598.46
14	2/22/2006	683,598.46	2,563.50	27,274.09	29,837.59	656,324.37
15	3/22/2006	656,324.37	2,461.22	27,376.37	29,837.59	628,948.00
16	4/22/2006	628,948.00	2,358.56	27,479.03	29,837.59	601,468.97
17	5/22/2006					
18	6/22/2006	573,886.89	2,152.08	27,685.51	29,837.59	546,201.38
19	7/22/2006					
20	8/22/2006	518,412.05	1,944.05	27,893.54	29,837.59	490,518.51
21	9/22/2006	490,518.51	1,839.45	27,998.14	29,837.59	462,52 0.37
22	10/22/2006	462,520.37	1,734.45	28,103.14	29,837.59	434,417.23
23	11/22/2006	434,417.23	1,629.07	28,208.52	29,837.59	406,208.71
24	12/22/2006	406,208.71	1,523.28	28,314.31	29,837.59	377,894.40
25	1/22/2007	377,894.40	1,417.11	28,420.48	29,837.59	349,473.92
26	2/22/2007	349,473.92	1,310.53	28,527.06	29,837.59	320,946.86
27	3/22/2007	320,946.86	1,203.55	28,634.04	29,837.59	292,312.82
28	4/22/2007	292,312.82	1,096.17	28,741.42	29,837.59	263,571.40
29	5/22/2007	263,571.40	988.39	28,849.20	29,837. 59	234,722.20
30	6/22/2007	234,722.20	880.21	28,957.38	29,837.59	205,764.82
31	7/22/2007	205,764.82	771.62	29,065.97	29,837.59	176,698.85
32	8/22/2007					
33	9/22/2007	147,523.89	553.22	29,284.37	29,837.59	118,239.52
34	10/22/2007					
35	11/22/2007	88,845.33	333.17	29,504.42	29,837.59	59,340.91
36	12/22/2007	59,340.91	222.53	29,615.06	29,837.59	29,725.85



EXHIBIT C

ACCEPTANCE CERTIFICATE

Personal Property Sublease/Multi-Term Contract ("Sublease")

By and Between

MARICOPA COUNTY,

Lessor

and

MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT,

Lessee

The date of this Sublease is November 1, 2004

1. **Acceptance.** In accordance with the Sublease, Lessee hereby certifies that all of the Property described in Exhibit A of the Sublease (i) has been received by Lessee; (ii) has been thoroughly examined and inspected to the complete satisfaction of Lessee; (iii) has been found to be and is wholly suitable for Lessee's purpose; and (iv) is hereby unconditionally accepted by Lessee, in the condition received, for all purposes of the Sublease.
2. **Property Description.** See Exhibit A of the Sublease.
3. **Payments.** Invoicing shall be mailed to Lessee at the address in Section 10.11 of the Sublease, unless a different address appears below.
4. **Date of Acceptance.** The date of Acceptance appears as the Transfer Date in Section 11.10 of the Sublease.

DATED the 1<sup>st</sup> Day of November, 2004

LESSEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT IGA-22

### PERSONAL PROPERTY SUBLEASE FOR CT SCANNER EQUIPMENT

THIS PERSONAL PROPERTY SUBLEASE (“ **Sublease**”) is dated this 1st day of November, 2004 and made by and between MARICOPA COUNTY, a political subdivision of the State of Arizona, (“ **Lessor**”), and, the MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax-levying public improvement district of the State of Arizona (“**Lessee**”), collectively referred to in this Sublease as the “**Parties**” and individually as “**Party**”.

#### RECITALS:

- A. WHEREAS, Lessor has entered into a lease for a certain CT Scanner (“ **Property**”) with G.E. Medical Systems (“ **Vendor**”) as more fully described and attached hereto as Exhibit A; and
- B. WHEREAS, Lessor desires to lease to the Lessee and the Lessee desires to lease from the Lessor such Property pursuant to the terms of this Sublease; and
- C. WHEREAS, it is in the best interest of the Parties and of the public for the Parties to enter into this Sublease; and
- D. WHEREAS, A.R.S. §48 -5541.01(J) provides that if a health care district chooses to acquire or lease from a county an asset of a health system as defined in section 11 - 1401, the board of supervisors of that county, by a majority vote, may convey, sell, lease or otherwise transfer title to any such asset of a health system to the district and transfer any health system liability as defined in section 11 -1401 to the district; and

NOW THEREFORE, in consideration of the forgoing, the adequacy of which is hereby acknowledged, the Parties agree as follows:

#### DEFINITIONS:

- 1. “**A.R.S.**” means Arizona Revised Statutes.
- 2. “**Final Renewal Term**” shall mean the renewal term during which the final periodic rental payment of Lessee is scheduled to be paid.
- 3. “**Internal Revenue Code**” shall mean the Internal Revenue Code of 1986.
- 4. “**Lessee**” means the Maricopa County Special Health Care District, acting through its Board of Directors and pursuant to state statutes.
- 5. “**Lessor**” means Maricopa County, acting through its Board of Supervisors and pursuant to state statutes.

6. **"Master IGA"** shall mean that certain Intergovernmental Agreement by and between Maricopa County and the Maricopa County Special Health Care District, dated November 1, 2004.
7. **"Original Term"** shall mean the period beginning November 1, 2004 and ending on June 30, 2006.
8. **"Property"** means the equipment specifically described in Exhibit A.
9. **"Renewal Term"** shall mean the successive annual periods of renewal beginning on the first day of July following the end of the Original Term until the Final Renewal Term.
10. **"State"** means the State of Arizona.
11. **"Sublease"** means this Personal Property Sublease with an option to purchase the Property according to the terms hereof along with any exhibits of which are attached hereto and incorporated herein by reference as if set forth in full.
12. **"Sublease Term"** means the total payment period shown in Section 11.2 of this Sublease and the Amortization Schedule, Exhibit B, over which Lessee is obligated to make lease payments, and includes: (i) the Original Term; (ii) the Renewal Terms; and (iii) the Final Renewal Term.
13. **"Transfer Date"** means the date as defined in that certain Intergovernmental Agreement by and between the Parties dated November 1, 2004.
14. **"USFR"** means the Uniform System of Financial Records.

ARTICLE 1  
LESSEE'S REPRESENTATIONS AND DISCLAIMERS

- 1.1 Representations and Warranties. Lessee represents and warrants for the benefit of the Lessor and its assignees, as follows:
  - 1.1.1 Legality of the Transaction. Lessee is authorized under the Constitution and laws of the State to enter into this Sublease and the transaction contemplated hereby, and to perform all of its obligations hereunder.
  - 1.1.2 Sublease is Enforceable. Lessee is duly authorized to execute and deliver this Sublease, and further represents and warrants that the officials executing this Sublease on behalf of the Lessee are lawfully and duly authorized to do so, and all other requirements have been met in order to ensure the enforceability of this Sublease.

- 1.1.3 Initial Funding. Lessee has adequate funds to meet its obligations during the Original Term and reasonably believes that it will obtain funds of an amount sufficient to make all payments during the Renewal Terms and the Final Renewal Term. It is Lessee's intent to make payments for the Sublease Term as described in the Amortization Schedule and to acquire unencumbered title to the Property upon the final lease payment.
- 1.1.4 **NO WARRANTIES BY LESSOR AS TO PROPERTY. LESSEE UNDERSTANDS THAT LESSOR IS NOT THE MANUFACTURER OF THE PROPERTY, NOR THE AGENT OR REPRESENTATIVE OF THE MANUFACTURER, AND THAT LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND, EXPRESSED OR IMPLIED, RELATING TO THE PROPERTY OR PATENTS RELATING THERETO; AND THAT LESSOR MAKES NO WARRANTY AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY. LESSEE SPECIFICALLY WAIVES ALL RIGHTS TO MAKE CLAIM UNDER THIS LEASE AGAINST LESSOR OR ITS ASSIGNEES FOR ANY BREACH OF WARRANTY, EXPRESSED OR IMPLIED. LESSOR SHALL NOT BE LIABLE TO THE LESSEE FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED DIRECTLY OR INDIRECTLY, BY ANY PORTION OF THE PROPERTY OR FOR THE USE OR MAINTENANCE THEREOF, OR FOR FAILURE OF OPERATION THEREOF, OR FOR THE REPAIRS, SERVICE OR ADJUSTMENT THERETO, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY THEREOF, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF FOR ANY LOSS OF BUSINESS OR ANY OTHER DAMAGE, WHATSOEVER AND HOWEVER CAUSED. NO DEFECT OR UNFITNESS OF THE PROPERTY SHALL RELIEVE LESSEE OF ITS OBLIGATION TO PAY RENT OR ANY OTHER OBLIGATION UNDER THIS LEASE TO LESSOR.**
- 1.1.5. Tax-Exempt Status of This Transaction. Lessee represents covenants and warrants as follows:
- 1.1.5.1 Lessee shall not do, cause to be done, or if notified by Lessor as provided below fail to do any act which will cause this Sublease to be an arbitrage bond within the meaning of Section 148(a) of the Internal Revenue Code.
- 1.1.5.2 Lessee shall not do, cause to be done, or if notified by Lessor as provided below fail to do any act which will cause this Sublease to be a private activity bond within the meaning of Section 141(a) of the Internal Revenue Code.

Concerning the preceding Sections 1.1.5.1 and 1.1.5.2, if Lessor becomes aware of any such act or acts, Lessor shall timely notify Lessee so that Lessee can comply with Sections 1.1.5.1. and 1.1.5.2.

- 1.1.6. Essential Use. Lessee represents that the use of the Property is essential to its operations.

## ARTICLE 2 LESSOR'S REPRESENTATIONS

- 2.1 Sublease of the Property. Lessor recognizes that the transaction described in this Sublease is a lease of the Property with title in Lessee subject to the encumbrance described in Article 5 of this Sublease.
- 2.2 No Indebtedness Created Lessor understands that the lease payments under this Sublease shall be made on the dates and in the amounts described in Article 11 and the Amortization Schedule, and that the lease payments under this Sublease shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by Lessee; nor shall anything contained herein constitute a pledge of the revenues, funds or monies of the Lessee.

## ARTICLE 3 TERM

- 3.1 Term. The term of this Sublease shall commence on the Transfer Date as that term is defined in Definition 13 above and the Master IGA.
- 3.1.1 The Sublease Term continues until this Sublease is terminated (a) by mutual agreement; or (b) when final payment pursuant to Article 4 and Exhibit B is made from Lessee to Lessor.

## ARTICLE 4 PAYMENT

- 4.1. Amount and When Due. Lessee shall make lease payments, exclusively from legally available funds, in lawful money of the United States of America to Lessor in the amounts and on the dates set forth in Section 11.4 and Section 11.5 of this Sublease and in the Amortization Schedule (Exhibit B), which sets forth the interest component and the principal component of each lease payment, during the Sublease Term of this Sublease.
- 4.1.1. First Sublease Payment. The first lease payment shall be due from Lessee to Lessor as set forth in Section 11.4 of this Sublease.

- 4.2. Late Payment Penalty . Payment delivered to Lessor after the due date will be subject to a late charge at the daily rate shown as the Late Charge in Section 11.7 for each day which has elapsed after the due date.
- 4.3. Payment During a Dispute . The obligations of Lessee to make rental payments required under this Sublease shall be absolute and unconditional in all events, except as expressly provided under this Sublease. Notwithstanding any dispute between the Lessee and Lessor, or any other person, Lessee shall make all payments when due and shall not withhold any payments pending final resolution of such dispute, nor shall Lessee assert any right of setoff or counterclaim against its obligation to make rental payments hereunder during the Sublease Term.
- 4.4. Taxes . Because the Property shall be used by Lessee for a governmental purpose of Lessee, the parties contemplate that the Property will be exempt from all taxes assessed and levied with respect to the Property. The parties further contemplate that, unless otherwise shown in this Sublease, all transaction privilege (sales and use) taxes applicable to the acquisition or use of the Property, including any equipment or other property acquired by Lessee in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Property, have been paid or will be paid by Lessee.
- 4.5. Right to Prepay; Release . So long as Lessee is not in default, Lessee shall have the right to prepay part or all of its obligation for the principal component of the lease amounts set forth according to the dates and amounts provided in the Amortization Schedule or prorated by Lessor to the specific date of the payment, upon giving Lessor sixty (60) days' prior written notice. No prepayment penalty shall be assessed. Payment must be received by the specific date established. Upon Lessee's exercise of its right of prepayment or having satisfied all of its monetary and other obligations hereunder, Lessor shall release its security interest in the Property, if any.
- 4.6. Release of Lessor's Interest . Upon Lessee's payment of all lease payments and all other amounts, if any, due under the lease, Lessee shall own the property full and clear of any interest of Lessor and Lessor shall execute documents reasonably required to evidence the release of Lessor's security interest in the property.
- 4.7. Taxes and Other Charges
- 4.7.1 Net, Net, Net Sublease . The parties agree that this Sublease is a net, net, net lease. Therefore, Lessee shall pay, promptly when due and before penalty or interest accrues thereon, all taxes, assessments, whether general or special, and other governmental charges of any kind whatsoever, forseen or unforeseen, ordinary or extraordinary, that now or may hereafter at any time during the Sublease Term be assessed or levied against or with respect



to the Property which, if not paid, may become or be made a lien on the Property. Nothing in this subparagraph shall be construed to be an agreement on the part of Lessee to pay any taxes, assessments or other governmental charges Lessee is not otherwise required by law to pay.

4.7.2 Lessee Right To Contest Charges. Notwithstanding Section 4.7.1, Lessee may, at its expense and after prior written notice to Lessor, by appropriate proceedings diligently prosecuted, contest in good faith the validity or amount of any such taxes, assessments and other charges, and during the period of contest need not pay the items so contested. As a condition to and prior to pursuit of such a contest, Lessee shall deliver to Lessor an opinion of Lessee's counsel to the effect that by nonpayment of any such items, the interest created by this Sublease as to the Property will not be materially affected or the Property will not be subject to imminent loss or forfeiture. Otherwise, Lessee shall promptly pay such taxes, assessments or charges. During the period when any taxes, assessments or other charges so contested remain unpaid, Lessee shall set aside on its books adequate reserves with respect to the unpaid amounts.

4.8. Additional Rent. In order to comply with Section 4.7, Lessee agrees to pay to Lessor the following amount, whenever applicable, as additional rent:

4.8.1 Lessee represents that no charges or taxes (local, State or federal) are currently imposed on the ownership, lease, sale, purchase, possession or use of the Property and acknowledges that no provision has been made for the inclusion of any such charges or taxes in the rent. If at any time during the Sublease Term of this Sublease the ownership, lease, sale, purchase, possession or use of the Property shall result in the imposition on Lessor of any charges, assessments or taxes (local, State or federal), Lessee shall promptly pay to Lessor, upon receipt from Lessor of a statement therefore, as additional rent an amount equal to those charges and taxes imposed on Lessor.

## ARTICLE 5 INTERESTS OF TITLE AND SECURITY

5.1. Title; Security Interest; Recording Documents. Legal title to the Property shall be vested in Lessee on the Transfer Date. Lessor may file or record any part, or all, of this Sublease to evidence or protect Lessor's security interest in the Property.

5.2. The Property Is Personal Property. The Property is and shall remain personal property and shall not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Property or any part thereof may be or hereinafter become in any manner physically affixed or attached to real estate or any building thereon.

- 5.3. Return of Property if Lessee Terminates. Upon the termination of this Sublease caused by Lessee's default, the right of possession and legal title to the Property shall pass to Lessor. In that event, Lessee, at its expense, shall remove all alterations, additions and attachments, and repair the Property as necessary to return the Property to the condition in which it was furnished to Lessee, reasonable wear and tear excepted. Any replacements or repair parts are Property subject to the terms of this Sublease. At Lessor's request Lessee shall provide Lessor with a certificate regarding the maintainability of the Property, and arrange and pay for such repairs necessary to ensure that the manufacturer accepts the Property for contract maintenance at its then standard rates.

## ARTICLE 6 MAINTENANCE AND INSPECTION OF PROPERTY

- 6.1. Maintenance. Lessee agrees that at all times during the Sublease Term Lessee shall, at Lessee's own cost and expense, maintain, preserve and keep the Property in good repair, working order and condition, and that Lessee from time to time shall make or cause to be made all necessary and proper repairs, replacements and renewals to the Property. Lessor shall have no responsibility in any of these matters, or for the making of improvements or additions to the Property.
- 6.2. Inspection. With reasonable prior notice, Lessee shall allow Lessor to enter the premises where the Property is located during normal business hours to inspect the Property in order to determine whether Lessee is fulfilling its responsibilities. At such times Lessor shall conform in all respects with physical, fire and other published security regulations.

## ARTICLE 7 RISK OF LOSS

- 7.1. Insurance and Damages. Lessee shall use the Property in a careful and proper manner. Lessee, shall be responsible for all risks of loss to the Property and for loss or damage to or by the Property caused by Lessee, its officers, employees or agents. If prior to the termination of this Sublease the Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, Lessee shall promptly repair or restore the Property or pay to Lessor the pro-rated value of the destroyed or damaged Property as it relates to all the Property as then valued by the total of the principal balance reflected in the Amortization Schedule, and, upon such payment, Lessor's security interest in such the Property shall terminate. During any period that the Property is not available for use by Lessee, Lessee shall not be entitled to any reimbursement therefore from Lessor, nor shall Lessee be entitled to any diminution of the amounts payable under Article 4 of this Sublease.
- 7.1.1. Verification of Insurance. During the term of this Lease, Lessee shall be insured pursuant to the "**Insurance IGA**," as that term is defined in the Master IGA. If and when the Insurance IGA terminates, Tenant shall

obtain insurance that satisfies the requirements of Section 4.4 of the Master IGA.

## ARTICLE 8 ASSIGNMENT

- 8.1 By Lessee. This Sublease and Lessee's obligations hereunder shall not be assigned by Lessee without prior written permission of Lessor.

## ARTICLE 9 EVENTS OF DEFAULT AND REMEDIES

- 9.1. Remedies; Return of Title and Possession to Lessor If Lessee defaults, Lessor may at its option do any or all of the following:

9.1.1 Terminate this Sublease by providing written notice to Lessee.

9.1.2 Take possession of the Property wherever situated with ten (10) days' written notice before entering the premises. Upon Lessor taking possession of the Property under this section, legal title to such property automatically shall pass to Lessor without the execution of any other documents.

9.1.3. Exercise any remedies as are legally available to a secured party pursuant to Chapter 9 of the Uniform Commercial Code as in effect in the State, A.R.S. §47-9101, et seq.

Lessee shall remain liable for reasonable damages provided by law, including all costs and expenses incurred by Lessor due to a default by Lessee, as provided in Section 10.3 of this Sublease.

## ARTICLE 10 GENERAL

- 10.1. Approval by Attorney Required. This Sublease is conditioned upon the approval as to form by Lessor's attorney and Lessee's attorney.
- 10.2. Peaceful Possession. Lessee, upon paying the charges due under this Sublease and performing all other covenants, terms, and conditions on its part to be performed hereunder, may and shall peacefully and quietly have, hold, possess and enjoy the Property for the Sublease Term without suit, molestation or interruption.
- 10.2.1. Relocate Property . Lessee at its own risk and expense may transfer the Property from one location within Lessee's district to another. Lessee shall advise Lessor in writing prior to any relocation of the Property.

- 10.3. Disputes. All disputes arising from this Sublease between the Parties shall be resolved pursuant to the Mediation and Arbitration provisions of the Master IGA.
- 10.4. Governing Law and Venue. The parties agree that this Sublease was negotiated, made and entered into in Arizona and shall be governed and interpreted under the laws of the State of Arizona. Any administrative action or other action arising out of this Sublease, including any action involving any assignee of Lessor, whether for the enforcement thereof or otherwise, shall be brought in Maricopa County.
- 10.5. Interpretation; Entire Agreement. The parties agree that the terms and conditions of this Sublease supersede those of all previous agreements between Lessee and Lessor relating to the Property and that this Sublease contains the entire agreement between the parties hereto.
- 10.6. No Implied Obligations. Except as herein otherwise expressly provided, neither party shall be required under this Sublease to provide any services or make any expenditures.
- 10.7. Amendment. This Sublease may be amended only by a written agreement signed by persons authorized to sign agreements on behalf of the parties; provided, however, that no such amendment which affects the rights of the Lessor's assignee shall be effective unless it shall have been consented to by such assignee.
- 10.8. Headings. The headings in this Sublease are for convenience only and in no way define, limit or describe the scope or intent of any provision or paragraph of this Sublease.
- 10.9. Parties Bound by This Sublease. Each party acknowledges that it has read this Sublease, understands it and agrees to be bound by its terms and conditions. Further, the parties agree that this Sublease shall be binding on the assignees and successors in interest of each of the parties.
- 10.10. Invalidity of a Term. The parties agree that in the event any term, covenant or condition herein contained should be held to be invalid or void by an administrative body or court of competent jurisdiction, the invalidity of any such term, covenant or condition shall in no way affect any other term(s), covenant(s) or condition(s) of this Sublease.
- 10.11. Inspection and Audit. All books, accounts, reports, files and other records relating to this Sublease, pursuant to USFR records retention schedule, shall be subject at all reasonable times to inspection and audit by Lessee for five (5) years after completion of this Sublease.
- 10.11. Notices. Any notice given pursuant to this Sublease shall be in writing and shall be considered to have been given when actually received at the following addressees:

10.11.1. If to Lessor:

Maricopa County Department of Finance  
Attn: Shelby Scharbach,  
Deputy Finance Director  
301 W. Jefferson Street, Ste. 960  
Phoenix, Arizona 85003 -2494  
(602) 506 -1367 (Voice)  
(602) 506 -4451 (Fax)

10.11.2. If to the Lessee:

Maricopa County Special Health Care District  
2601 East Roosevelt Street  
Phoenix, Arizona 85006  
(602) 344 -1130 (Voice)  
(602) 344 -5190 (Fax)

10.12. Cancellation. Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

10.13 Acknowledgement. Lessor and Lessee hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, " **County Counsel**") represent both parties to this Sublease in accordance with the requirements of A.R.S. § 48 -5541.01.M.2, and each party waives any claim of conflict of interest which may arise by virtue of such representation of both parties to this Sublease.

#### ARTICLE 11 SPECIFIC TERMS

11.1. Capital Cost. The Capital Cost for the Property shall be **\$565,426.37**.

11.2. Sublease Term. The Sublease Term shall be **five (5) Years and six (6) Months** as provided in Exhibit B attached hereto.

11.3. Interest Rate. The Annual Interest Rate shall be five point eighty -two percent (**5.82%**).

11.4. Payment Due Date. The first payment shall be due January 1<sup>st</sup>, 2005.

11.5. Subsequent Payments. Each subsequent payment shall be made per the amortization schedule attached hereto as Exhibit B.

- 11.6. Semi-Annual Sublease Payment. Each semi -annual Sublease payment shall be made pursuant to Exhibit B as attached hereto.
- 11.7. Late Charge. Annual Interest Rate Section 11.3 plus two percent (2%), or the maximum Interest Rate permitted by law, whichever is less.
- 11.8. Vendor Contact. Vendor information may be identified in Exhibit A attached hereto.
- 11.9. Location of the Property. The Property will be located at the Maricopa Medical Center, 2601 E. Roosevelt, Phoenix, Arizona 85008.
- 11.10. Property Acceptance Date. The Property acceptance date shall be November 1, 2004 and shall be accepted pursuant to Exhibit C.

IN WIT NESS WHEREOF, the Parties have signed this Sublease.

**Lessor:**

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

By: \_\_\_\_\_  
Andrew Kunasek, Chairman  
Maricopa County Board of  
Supervisors

**ATTEST:**

By: \_\_\_\_\_  
Clerk of the Board

**APPROVED AS TO FORM:**

Maricopa County Attorney

\_\_\_\_\_  
Deputy County Attorney

**Lessee:**

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Secretary of the Board

**APPROVED AS TO FORM:**

\_\_\_\_\_  
William J. Sims, III  
Attorney for the Maricopa County  
Health Care District

## **EXHIBIT A**

### **DESCRIPTION OF THE PROPERTY**

CT Scanner Equipment – see attached invoices



EXHIBIT B

AMORTIZATION SCHEDULE

Payment No.	Payment Date	Beginning Balance of CT Scanner Account	CT Scanner Allocated Principal	CT Scanner Allocated Interest	CT Scanner Allocated County Reimbursement	CT Scanner Sublease Payment	Ending Balance of CT Scanner Account
1	1/1/2005	\$565,426.37	\$0.00	\$8,429.19	\$4,553.11	\$12,982.30	\$560,873.26
2	7/1/2005	\$560,873.26	\$89,706.07	\$8,429.19	\$4,553.11	\$102,688.38	\$466,614.08
3	1/1/2006	\$466,614.08	\$0.00	\$6,635.07	\$4,553.11	\$11,188.18	\$462,060.97
4	7/1/2006	\$462,060.97	\$93,722.76	\$6,635.07	\$4,553.11	\$104,910.94	\$363,785.09
5	1/1/2007	\$363,785.09	\$0.00	\$4,760.61	\$4,553.11	\$9,313.72	\$359,231.98
6	7/1/2007	\$359,231.98	\$97,739.45	\$4,760.61	\$4,553.11	\$107,053.18	\$256,939.42
7	1/1/2008	\$256,939.42	\$0.00	\$3,538.87	\$4,553.11	\$8,091.98	\$252,386.31
8	7/1/2008	\$252,386.31	\$75,647.66	\$3,538.87	\$4,553.11	\$83,739.64	\$172,185.54
9	1/1/2009	\$172,185.54	\$0.00	\$2,404.16	\$4,553.11	\$6,957.27	\$167,632.43
10	7/1/2009	\$167,632.43	\$75,647.66	\$2,404.16	\$4,553.11	\$82,604.93	\$87,431.66
11	1/1/2010	\$87,431.66	\$0.00	\$1,174.88	\$4,553.11	\$5,727.99	\$82,878.55
12	7/1/2010	\$82,878.55	\$78,325.45	\$1,174.88	\$4,553.11	\$84,053.45	\$0.00

EXHIBIT C

ACCEPTANCE CERTIFICATE

Personal Property Sublease/Multi-Term Contract ("Sublease")

By and Between

MARICOPA COUNTY,

Lessor

and

MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT,

Lessee

The date of this Sublease is November 1, 2004

1. **Acceptance.** In accordance with the Sublease, Les see hereby certifies that all of the Property described in Exhibit A of the Sublease (i) has been received by Lessee; (ii) has been thoroughly examined and inspected to the complete satisfaction of Lessee; (iii) has been found to be and is wholly suitable for Lessee's purpose; and (iv) is hereby unconditionally accepted by Lessee, in the condition received, for all purposes of the Sublease.
2. **Property Description.** See Exhibit A of the Sublease.
3. **Payments.** Invoicing shall be mailed to Lessee at the address in Section 10.11 of the Sublease, unless a different address appears below.
4. **Date of Acceptance.** The date of Acceptance appears as the Transfer Date in Section 11.10 of the Sublease.

DATED the 1<sup>st</sup> Day of November, 2004

LESSEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT IGA-23

### FUND TRANSFER AGREEMENT

THIS FUND TRANSFER AGREEMENT (“ **Agreement**”) is made as of November 1, 2004, by and between the following parties: MARICOPA COUNTY, ARIZONA, a political subdivision of the State of Arizona (“ **County**”) and MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying special improvement district of the State of Arizona (“**District**”).

#### RECITALS:

A. The District and the County entered into that certain Intergovernmental Agreement (“ **Master IGA**”), dated November 1, 2004, in order to transfer the Maricopa Integrated Health System to the District pursuant to A.R.S. § 48 -5501 *et seq.*

B. Pursuant to the Master IGA, the County is transferring title to the District of certain real property, is granting a leasehold interest to the District in other real property and is conveying to the District personal property related to the Delivery System (as that term is defined in the Master IGA).

C. An essential element of the Master IGA and the Medical Center Lease Agreement (“ **Master Lease**”) by and between the County and the District and dated the date hereof, is a mechanism to allow certain payments of Transferred Funds (as that term is defined in the Master IGA) from the District to the County in connection with the Disproportionate Share Program, as that term is defined in the Master IGA.

D. Pursuant to Section 3.10.3 of the Master IGA and Section 4.3.2 of the Master Lease (collectively, the “ **DSH Protection Provisions**”), the District, the County and the Treasurer must enter into this Agreement in order to accomplish the transfer of Disproportionate Share Program-related funds from the District to the County.

E. The County and the District shall provide a copy of this Agreement to the Maricopa County Treasurer (“ **Treasurer**”) in order to assist the Treasurer in discharging the Treasurer’s duties under A.R.S. § 48-5561.01 and to enable the Treasurer to facilitate the implementation of this Agreement.

#### AGREEMENT:

THEREFORE, in consideration of the mutual agreements expressed herein, it is agreed as follows:

1. Definitions. Unless otherwise defined herein, capitalized defined terms shall have the meaning ascribed to such terms in the Master IGA.

2. Roles of Treasurer.

2.1 Pursuant to A.R.S. §§ 48-5561, 48 -5561.01 and 11 -491, the Treasurer has duties and responsibilities to both the County and the District. Both the County and the District acknowledge that in exercising certain authority and performing certain duties the Treasurer will

be acting on behalf of and as an agent of the County and that in exercising other authority and performing other duties, the Treasurer will be acting on behalf of and as an agent of the District.

2.2 The County acknowledges and agrees that it has no authority or right to direct the actions of the Treasurer when the Treasurer is acting on behalf of the District. The District acknowledges and agrees that it has no authority or right to direct the actions of the Treasurer when the Treasurer is acting on behalf of the County.

3. District Accounts Generally.

3.1 Subject to Section 4 below, and pursuant to A.R.S. § 48 -5561, the Treasurer shall establish, maintain, invest, and make deposits and transfers to and withdrawals and transfers from such accounts (which term includes funds, accounts and subaccounts, however the same may be styled on the books of the Treasurer) for the District as the District may direct.

3.2 The District will provide the Treasurer with written instructions with respect to any investments, deposits, disbursements or transfers to or from accounts of the District, all in accordance with State law.

3.3 With the exception of the rights expressly granted the County in Section 4 of this Agreement to funds in the Pledged Account (as defined in Section 4), the County shall have no right, title or interest to any money or investments held for the credit of any District account.

4. DSH Deposit Account and Pledged Account.

4.1 The District hereby directs the Treasurer to establish an account of the District identified as the District's "**DSH Deposit Account**". The Treasurer shall deposit to the DSH Deposit Account all money received by the Treasurer (in whatever capacity) for or on behalf of the District under or as a result of the Disproportionate Share Program, less any funds transferred by the Treasurer directly to the County as required by A.R.S. § 48 -5561. 01, as amended. The Treasurer shall notify the County within one (1) business day after the receipt of any Special Payments, as that term is defined in the Master IGA ("**Special Payments**").

4.2 The District hereby directs the Treasurer to establish an account of the District identified as the District's "**Pledged Account**." The District acknowledges that the Pledged Account is held by the Treasurer in trust and on behalf of the County and, to the extent of the limited rights granted the District hereunder, on behalf of the District. The District hereby pledges and assigns to the County and grants the County a security interest in, the Pledged Account and all money and investments held from time to time therein, to secure the obligation of the District to pay any and all DSH Deficiency (as that term is defined in the Master IGA).

4.3 Within one (1) business day following the deposit of Special Payments into DSH Deposit Account, the Treasurer shall transfer such funds to the Pledged Account.

4.4 Money in the Pledged Account shall be invested solely as permitted by law. The Treasurer shall provide both the County and the District with monthly statements of account related to the Pledged Account, showing all transactions affecting the balance of such account.

4.5 Money shall be transferred from the Pledged Account and paid to the County by the Treasurer pursuant to A.R.S. § 48 -5561.01, as may be amended (a "**Special**

**Payment Transfer**”). Any amounts deposited in the Pledged Account and not transferred to the County pursuant to A.R.S. § 48-5561.01, as may be amended, shall be paid to the District. In the event a Special Payment Transfer cannot occur for any reason, then money may be transferred or withdrawn from the Pledged Account only as follows:

4.5.1 As a first priority over any other withdrawal pursuant to this Section 4.5, at any time and from time to time without further direction, the Treasurer shall transfer to the County any portion remaining unpaid of the County DSH Reimbursement Amount, as defined in Section 3.10 of the Master IGA and any portion remaining unpaid of the DSH Deficiency (as defined in Section 3.1 of the Master IGA).

4.5.2 After any withdrawals made pursuant to Section 4.5.1 or 4.5.2 of this Agreement, other than during a Restricted Period, as directed in writing by the District from time to time.

4.6 It is the parties’ intent that the Treasurer may rely on written directions from the County with respect to the existence or non-existence of a Restricted Period and the amounts of any DSH Deficiency or County DSH Reimbursement Amount. At the time of giving any such written direction to the Treasurer, the County shall provide a copy of the same to the District. The amount that the Treasurer may withdraw from the Pledged Account may not exceed the “Permitted Fair Market Value Amount” set forth in the most recent quarterly certificate exchanged between the District and the County pursuant to Section 4.8 of this Agreement, less any amounts offset pursuant to Section 3.10.5.5 of the Master IGA.

4.7 A “**Restricted Period**” shall exist from and after the date identified as the starting of the Restricted Period in a written notice issued by the County to the District and the Treasurer at any time upon or after the occurrence of a DSH Triggering Event (as defined in Section 3.10 of the Master IGA). A Restricted Period shall end when there is no unpaid DSH Deficiency.

4.8 On January 15, April 15, July 15 and October 15 of each year the County shall prepare and deliver to the District a certificate (“**Quarterly Certificate**”) setting out the following amounts: (i) accrued and unpaid rent under the Master Lease; (ii) the present value of future rent under the Master Lease (utilizing the formula set forth in the Master Lease); and (iii) all outstanding amounts owed under any promissory notes made by the District and held by the County pursuant to the Master IGA. If a DSH Triggering Event has occurred prior to the date of the preparation of the Quarterly Certificate, and if any amounts have been withdrawn from the Pledged Account and paid to the County in any manner other than a Special Payment Transfer, then such amounts (collectively, “**Prior DSH Triggering Events Disbursements**”) shall be subtracted from the sum of the amounts described in (i), (ii) and (iii) above to result in the “**Permitted Fair Market Value Amount**” for the current certificate delivered pursuant to this Section 4.8. If at the time the District receives a Quarterly Certificate, a Failed County Rep and Warranty has occurred that diminishes the fair market value of any Delivery System asset transferred to the District, the District shall notify the County of the amount of the diminished value, which value shall be noted on an attachment to the Quarterly Certificate. The present value of the asset that is the subject of the diminished value shall be adjusted as a result of such diminished value. If the County and the District are not able to agree on the Permitted Fair Market Value Amount within five (5) days after the County delivers the Quarterly Certificate required by this Section 4.8 to the District, such dispute shall be submitted to Mediation and (if

necessary) Arbitration pursuant to the Master IGA. The Quarterly Certificate shall also set forth any offsets undertaken by the County pursuant to Section 3.10.5.5 of the Master IGA.

4.9 The District hereby appoints the Treasurer its agent for the purposes of receiving AHCCCS funds paid by the County in connection with the AHCCCS Plan pursuant to Section 3.10.5.5 of the Master IGA.

4.10 Pursuant to the DSH Protective Legislation (as defined in Section 3.10.1 of the Master IGA), if at any time the Treasurer is not able to or otherwise fails to withdraw funds from the District and deposit such funds to the account of the County, as required by this Agreement, the Treasurer shall notify the Arizona State Treasurer (“**State Treasurer**”) so that the State Treasurer will thereafter cease withholding revenues of the County in connection with the distribution of Special Payments to the District as required by A.R.S. § 48 -5561.01.

## 5. General Provisions .

5.1 Conflict of Interest . By executing this Agreement, the parties acknowledge that they are each represented by an attorney with the Division of County Counsel, Maricopa County Attorney’s Office or independently contracted with outside counsel to act as their attorney for the purpose of reviewing this Agreement in accordance with the requirements of A.R.S. § 48 -5541.01.M.2, and the District and County hereby waive any possible conflict of interest that may exist by virtue of such representation of the other party to this Agreement.

5.2 Final Writing . This Agreement and any exhibits, attachments, or schedules attached hereto, constitute the full, final and complete understanding and agreement of the parties. It supersedes and replaces any and all previous representations, understandings and agreements, written or oral, relating to this subject matter.

5.3 Modification . This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by all necessary and qualified persons of the parties hereto.

5.4 Cancellation . Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

5.5 Governance . This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. Any and all litigation among the parties arising from this Agreement shall be litigated solely in the appropriate State court located in Maricopa County.

5.6 Good Faith . The parties covered by this Agreement promise to fully cooperate with one another and exhibit good faith in all transaction arising under the terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed this

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_  
Andrew Kunasek, Chairman  
Maricopa County Board of Supervisors

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST:**

**ATTEST:**

\_\_\_\_\_  
Clerk of the Board

\_\_\_\_\_  
Secretary of the Board

**APPROVED AS TO FORM:**

**APPROVED AS TO FORM:**

MARICOPA COUNTY ATTORNEY

\_\_\_\_\_  
Deputy County Attorney

\_\_\_\_\_  
William J. Sims III  
Attorney for Maricopa County Special  
Health Care District

**CONSENT**

MARICOPA COUNTY TREASURER

\_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT IGA-24

### ASSIGNMENT OF CONTRACTS

THIS ASSIGNMENT (“ **Assignment**”) is made as of January 1, 2005, by MARICOPA COUNTY, a political subdivision of the State of Arizona (“ **Assignor**”) and the MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying public improvement district of the State of Arizona (“ **Assignee**”).

### W I T N E S S E T H:

For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Assignor hereby grants, transfers, conveys and assigns to Assignee, all of Assignor’ s interest in, to and under and all of its duties, liabilities and obligations in, to and under all contracts (“ **Contracts**”) related solely to the operation of the Delivery System as that term is defined in that certain Intergovernmental Agreement between Assignor and Assignee of even date herewith (“ **IGA**”).

This Assignment is given for the purpose of assigning all of the rights and duties pursuant to the Contracts as contemplated in the IGA.

The Assignee, in accepting this Assignment, hereby acknowledges the Assignor’ s obligations and assumes the performance of all of the terms, covenants and conditions contained in the Contracts on the part of the Assignor to be performed from and after the date hereof and will truly perform all of the terms, covenants and conditions contained in the Contracts with respect to obligations of the Assignor accruing or arising after the date hereof, all with full force and effect as if Assignee had signed the Contracts originally. The Assignor remains liable for any obligations accruing or arising prior to the date hereof.



**ASSIGNOR:**

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

By: \_\_\_\_\_  
Andrew Kunasek, Chairman  
Maricopa County Board of Supervisors

ATTEST:

\_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy County Attorney

**ASSIGNEE:**

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chairman, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
William J. Sims III, Attorney for Maricopa  
County Special Health Care District

## EXHIBIT IGA-25

### ASSIGNMENT OF LICENSES, PERMITS AND REGISTRATIONS

THIS ASSIGNMENT (“ **Assignment**”) is made as of January 1, 2005, by MARICOPA COUNTY, a political subdivision of the State of Arizona (“ **Assignor**”) and the MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying public improvement district of the State of Arizona (“ **Assignee**”).

#### WITNESSTH:

For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Assignor hereby grants, transfers, conveys and assigns to Assignee, all of Assignor's interest in, to and under and all of its duties, liabilities and obligations in, to and under all of those assignable licenses, permits and registrations (“ **Licenses**”) related solely to the operation of the Delivery System as that term is defined in that certain Intergovernmental Agreement between Assignor and Assignee dated November 1, 2004 (“ **Master IGA**”).

This Assignment is given for the purpose of assigning all of the rights and duties pursuant to the Licenses as contemplated in the Master IGA.

The Assignee, in accepting this Assignment, hereby acknowledges the Assignor's obligations and assumes the performance of all of the terms, covenants and conditions contained in the Licenses on the part of the Assignor to be performed from and after the date hereof and will truly perform all of the terms, covenants and conditions contained in the Licenses with respect to obligations of the Assignor accruing or arising after the date hereof, all with full force and effect as if the Licenses had been issued to Assignee originally. The Assignor remains liable for any obligations accruing or arising through the date hereof.

**ASSIGNOR:**

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

By: \_\_\_\_\_  
Andrew Kunasek, Chairman  
Maricopa County Board of Supervisors

ATTES T:

\_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy County Attorney

**ASSIGNEE:**

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chairman, Board of Directors

ATTES T:

\_\_\_\_\_  
Secretary of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
William J. Sims III, Attorney for Maricopa  
County Special Health Care District

## EXHIBIT IGA-26

### ASSIGNMENT OF WARRANTIES

**FOR GOOD AND VALUABLE CONSIDERATION**, the receipt and adequacy of which is hereby acknowledged, and pursuant to that certain Intergovernmental Agreement of even date herewith between **MARICOPA COUNTY**, a political subdivision of the State of Arizona (the "**Assignor**"), hereby assigns unto **MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT**, a tax -levying public improvement district of the State of Arizona (the "**Assignee**"), all of the warranties that exist and are assignable, received by the Assignor from third parties as to any of the Delivery System (as such term is defined in that certain Intergovernmental Agreement between Assignor and Assignee dated November 1, 2004).

The Assignor disclaims and makes no representations, warranties or other agreements, express or implied, by law or fact, with respect thereto, including without limitation representations or warranties of merchantability or fitness for the ordinary or any particular purpose.

Assignor has executed and delivered this Assignment to Assignee as of January 1, 2005.

#### ASSIGNOR:

MARICOPA COUNTY, a political  
subdivision of the State of Arizona

By: \_\_\_\_\_  
Andrew Kunasek, Chairman  
Maricopa County Board of Supervisors

ATTES T:

\_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy County Attorney

#### ASSIGNEE:

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT, a tax -levying  
public improvement district of the State of  
Arizona

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chairman, Board of Directors

ATTES T:

\_\_\_\_\_  
Secretary of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
William J. Sims III, Attorney for Maricopa  
County Special Health Care District

## EXHIBIT IGA-27

### INTERGOVERNMENTAL AGREEMENT FOR INSURANCE BETWEEN MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT AND MARICOPA COUNTY

THIS INTERGOVERNMENTAL AGREEMENT (“ **Agreement**”) is made and entered into as of January 1, 2005, by and between the MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT, a tax -levying public improvement district of the State of Arizona, hereinafter referred to as (the “ **District**”) and MARICOPA COUNTY, a political subdivision of the State of Arizona, hereinafter referred to as (the “ **County**”).

#### 1. Statement of Purpose.

The County, currently through its Maricopa Integrated Health Systems, has provided health care services to the citizens of Maricopa County. A.R.S. § 11 -981 authorizes the County and the District to establish a self -insurance program for the management and administration of a system of direct payments of benefits, losses or claims or any combination of insurance and direct payments, including risk management consultation. The County has established and operates a self-insurance program for the management and administration of a system for direct payment of benefits, losses and claims involving a combination of insurance and direct payments, including risk management consultation in accordance with A.R.S. § 11 -981 pursuant to that certain Restated Declaration of Trust for Maricopa County, Arizona Self -Insured Trust Fund, dated September 5, 2001 (the “ **Trust**”). A.R.S. § 11 -952 authorizes the County and the District to enter into this Agreement for the joint exercise of the actions authorized by A. R.S. § 11-981. The purpose of this Agreement is to allow the District to join in the County’s self -insurance program and to receive all of the benefits thereof, as well as risk management consultation services from the County’s Department of Risk Management. The parties recognize that entering into this Agreement will avoid duplication of effort and will reduce overall costs of administration by taking advantage of economics of scale and will allow the District access to insurance coverage with a higher self-insured retention than would otherwise be available to the District.

#### 2. Scope.

Pursuant to this Agreement, the County shall include the District within its self -insurance program and extend to the District all of the rights and privileges provided by the Trust as amended. A copy of the Trust is attached hereto as Exhibit A, and is incorporated by this reference. The District shall enjoy all of the coverages and services afforded to the County by its Risk Management Department and all of the exclusions from coverage and other conditions set forth in the Trust.

The County reserves the right to revise or amend the Trust and any coverage thereunder at any time, provided however, that the County must provide the District at least two hundred (200) days’ prior written notice of such amendment.

3. Conflict of Interest.

By executing this Agreement, the parties acknowledge that they are each represented by an attorney with the Division of County counsel, Maricopa County's Office or independently contracted with outside counsel to act as their attorney for the purpose of reviewing this Agreement in accordance with the requirements of A.R.S. § 48-5541.01.M.2, and the District and County hereby waive any possible conflict of interest that may exist by virtue of such representation of the other party to this Agreement and any right to terminate this Agreement under A.R.S. § 38-511.

4. Term of Agreement.

This Agreement shall be effective upon recording with the Office of the Maricopa County Recorder, and shall continue until 12:01 a.m. on July 1, 2005. This Agreement will automatically renew for additional one (1) -year terms unless proper notice of termination by either party has been made prior to the annual renewal date.

5. Termination.

Either party may terminate this Agreement regardless of cause or absence thereof, by providing written notice to the other party at least one hundred eighty (180) days in advance of the effective date of Termination. Termination shall be effective upon the next renewal date of the medical malpractice excess liability coverage under the Trust. Upon Termination:

a). The Trust shall be responsible for all claims made and reported to the Trust, subject to the terms and provisions of the Trust, until said claims are concluded, settled or paid.

b). Subject to Section 5.1.2 of the Master IGA regarding liabilities retained by the County, the District shall be responsible for all claims incurred but not reported on and after January 1, 2005 to the Administrator of the Trust in writing, setting forth at a minimum the information submitted to the District by the claimant, prior to termination of this Agreement.

c). There shall be a final accounting of funds paid into the Trust by the District of all claims against the District reported to the Trust for which coverage will be provided, and a settlement of funds held by the Trust and by any commercial insurer to which the District is entitled to receive as unearned premium, fees or costs.

6. Coverage and Payment.

The County agrees to include the District in its insurance and/ or self-insurance programs and to ensure coverage to the District on the same terms and conditions under which coverage is afforded to County departments, agencies, officials and employees.

The District shall contribute to the trust fund of the Trust the amount calculated annually by the County Department of Risk Management, which shall be determined according to the same method and formula used to calculate the contribution of all County departments, agencies, and of any other districts which enter into an intergovernmental agreement with the County for inclusion in the Trust. The determination of the District's contribution shall be consistent with the policies which govern its self-insurance program.

7. Covered Losses.

The determination of what constitutes a covered loss shall conform with the terms and conditions of the Trust.

8. Subrogation.

In the event recovery is obtained against a third party pursuant to a right of subrogation, such recovery shall first be applied to the costs of recovery, and the balance, if any, shall be apportioned between the Maricopa County Self -Insured Trust and the District in proportion to their respective losses from the occurrence giving rise to such recovery.

9. Settlement of Claims.

The County shall have exclusive authority to settle any claim made against the District for which the County is and continues to provide coverage to the District under the Trust, upon such terms as it deems to be in the best interests of the self -insurance program and the Trust, provided however, that the County shall consult with the District in good faith prior to any settlement.

10. Stop Loss.

The obligation of the Trust to pay any claim on behalf of the District is limited to the amount of the County's Self -Insured Retention and to any sums available under any policy or policies of insurance purchased by the County. In the event that no policy of insurance is in force to cover a loss, the Trust's limit of liability is five million dollars (\$5,000,000.00). Attached as Exhibit B is a schedule of coverages under policies of insurance as of the effective date of this Agreement which may not be amended or terminated except as set forth in Section 2 of this Agreement.

11. Additional Insurance.

The County shall have sole discretion as to the amounts and types of commercial insurance to be purchased on behalf of the Trust, subject to the notice provisions of Section 2 of this Agreement. The District may request that the Trust purchase additional coverage for the benefit of the District, and should the Trust Administrator elect to do so, the District shall be responsible for all premium, administration and other costs associated therewith.

12. Dispute Resolution.

This Agreement is subject to the mediation and arbitration provisions of the Master IGA. \

13. Conflict of Interest. Notice of A.R.S. § 38 -511 is hereby given. The parties have waived the right to terminate under such statute in Section 13.10 of the Master IGA.

14. Acknowledgement. District and County hereby acknowledge that the Division of County Counsel, Maricopa County Attorney's Office and its outside counsel (collectively, "**County Counsel**") represent both parties to this Agreement in accordance with the requirements of A.R.S. § 48 -5541.01.M.2, and each party waives any claim of conflict of interest which may arise by virtue of such representation of both parties to this Agreement.

IN WITNESS WHEREOF, the parties to this Agreement have caused their names to be affixed hereto by their proper officers on the dates indicated.

MARICOPA COUNTY BOARD OF  
SUPERVISORS

By: \_\_\_\_\_  
Andrew Kunasek, Chairman

ATTES T:

By: \_\_\_\_\_  
Fran McCarroll, Clerk of the Board

APPROVED AS TO FORM:

MARICOPA COUNTY ATTORNEY

By: \_\_\_\_\_  
Deputy County Attorney

MARICOPA COUNTY SPECIAL  
HEALTH CARE DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTES T:

By: \_\_\_\_\_  
Secretary of the Board

APPROVED AS TO FORM:

By: \_\_\_\_\_  
William J. Sims III, Attorney for Maricopa  
County Special Health Care District



## **EXHIBIT IGA-28**

### **TYPES AND AMOUNTS OF INSURANCE COVERAGE**

Property insurance, including coverage for business personal property, in an amount not less than \$175,000,000.00.

## EXHIBIT IGA-29

### Maricopa County Special Health Care District Budget FY 2004-05

**FY 2004-05**

**Revenue:**

650 Miscellaneous Revenue	\$2,351,771
(1)	
<i>Loan from Maricopa County</i>	
	<hr/>
	\$2,351,771

**Expenditures:**

810 Legal Services	\$	100,000
(2)		
812 Other Services	\$	190,000
(3)		
<i>FRG Consulting - Transition</i>	\$	62,500
<i>Appraisals (50%)</i>		107,500
<i>Title Reports (50%)</i>		20,000
	\$	<hr/> 190,000
830 Intergovernmental Payments	\$	2,061,771
(4)		
<i>November 2003 Special Election - District Formation</i>	\$1,618,771	
<i>November 2004 Gen. Election - District Board</i>	<hr/> 443,000	
	\$	2,061,771

**Total Expenditures**

**\$ 2,351,771**

**Notes:**

- (1. Loan from County to be set forth in an Intergovernmental Agreement between the District and the County covering the period from July 1, 2004 to the date of the transition, interest would not be charged to the District by the County.
- (2. Estimated costs for outside counsel to represent the District. Assumes transition costs are shared equally with Maricopa County starting July 1, 2004 per the interim Intergovernmental Agreement. All costs to be paid by Maricopa County through June 30, 2004.
- (3. Estimated costs for transition, including property appraisals and title fees, to be shared equally with Maricopa County per the interim Intergovernmental Agreement.
- (4. The Special Health Care District is to repay the County for the cost of the November 2003 District formation election per Arizona Revised Statutes and action by the Board of Supervisors. The District will also incur costs for the 2004 General Election, at which new members of the District Board of Directors will be chosen.

**EXHIBIT IGA-30**

**SUPPLIES AND SERVICES AVAILABLE  
FOR PURCHASE FROM COUNTY**

**Schedule A  
Purchase Services  
Price Matrix**

**COUNTY PURCHASED SERVICES FROM DISTRICT**

<b>Correctional Health</b>					
Rate: AHCCCS Tier and Cap rates as updated by AHCCCS Pharmacy at AWP	<table> <tr><td>MCSHCD:</td><td>Matt Nelson</td></tr> <tr><td>County:</td><td>Sharon Anthony &amp; Shawn Nau</td></tr> </table>	MCSHCD:	Matt Nelson	County:	Sharon Anthony & Shawn Nau
MCSHCD:	Matt Nelson				
County:	Sharon Anthony & Shawn Nau				

TB Hospitalization	
Rate: AHCCCS Tier and Cap rates as updated by AHCCCS	Contact
	MCSHCD: Matt Nelson
	County: Shawn Nau & John Ahl

Health Plan Provider Network	
Rate: AHCCCS Tier and Cap rates as updated by AHCCCS	Contact
	MCSHCD: Matt Nelson
	County: Phyllis Biedess

Medical Examiner Lab & Laundry	
Rate: AHCCCS Cap rates as updated by AHCCCS; Laundry at FY04 rate, subject to annual increase not to exceed BLS CPI	Contact
	MCSHCD: Matt Nelson
	County: Dorothy O'Connell

<b>Telecommunications</b>	
Rate: Pass through of actual charges plus 5% administrative fee	Contact
	MCSHCD: CIO
	County: Jim Price

<b>IT Services</b>	
Rate: Rate charged using same formula used for County departments, but rated based on Health Plan's utilization, plus 5% administrative fee	Contact
	MCSHCD: CIO
	County: Jim Price

<b>Employee Physicals/Screenings</b>	
Rate: Rate structure as attached, subject to annual adjustment not to exceed BLS rate of Medical Inflation	Contact
	MCSHCD: Daunn Smith
	County: Shawn Nau

Teaching Program (SARN)	
Rate: Match as required by Federal grant program	Contact
	MCSHCD: Matt Nelson
	County: Shawn Nau & Chris Keller

Leased Space	
Rate: Pass through of actual expense, plus 5% admin fee. District owned space currently used by County (or mutually agreed equivalent) at no cost unless DSH triggering event - then FMV	Contact
	MCSHCD: Matt Nelson
	County: Dennis Lindsey

<b>General Administrative Services</b>	
	Contact
Rate: Hourly rate of employees, plus	MCSHCD:
15% employee related expenses	County:

**DISTRICT PURCHASED SERVICES FROM COUNTY**

Employee Benefits	
Rate: Pass through of premium as rated by the insurer for District employees, plus 5% administrative fee	Contact
	MCSHCD: HR Director
	County: Mike Schaiberger &
	Pat Vancil

Equipment Services	
Rate: Fleet svcs provided at same rate charged to County depts, plus 5% administrative fee; Fuel provided at cost	Contact
	MCSHCD: Matt Nelson
	County: LeeAnn Bohn

Risk Management	
Rate: Rate charged using same formula used for County departments, but rated based on District experience (see attached schedule)	Contact
	MCSHCD: Sheri Estrada
	County: Samantha Wright

<b>Telecommunications</b>				
Rate: Pass through of actual charges plus 5% administrative fee	<table><tr><td>Contact</td></tr><tr><td>MCSHCD: CIO</td></tr><tr><td>County: Jim Price</td></tr></table>	Contact	MCSHCD: CIO	County: Jim Price
Contact				
MCSHCD: CIO				
County: Jim Price				

<b>County Counsel</b>	
Rate: Rate charged using same formula used for County departments, but rated based on District experience; Outside Counsel at cost, plus 5% admin fee	Contact
	MCSHCD: Jack Hess
	County: Chris Keller

IT Services	
Rate: Rate charged using same formula used for County departments, but rated based on District experience, plus 5% administrative fee	Contact
	MCSHCD: CIO
	County: Jim Price

<b>General Administrative Services</b>				
Rate: Hourly rate of employees, plus 15% employee related expenses	<table><tr><td>Contact</td></tr><tr><td>MCSHCD:</td></tr><tr><td>County:</td></tr></table>	Contact	MCSHCD:	County:
Contact				
MCSHCD:				
County:				

## RISK MANAGEMENT

	<b>MIHS Charges FY04/05</b>	<b>ISF Charge Claims</b>	<b>ISF Charge Exposure</b>	<b>ISF Basis Claims 80%</b>	<b>ISF Basis Exposure 20%</b>
Workers' Comp Chrgs	1,228,977	913,378	315,599	1,750,655	1,841,543
Unemployment Chrgs	194,755	158,250	36,505	468,654	171,815,339
General Liability		472,428	534,665	876,490	171,815,339
Enviro C&M/Claims		13,585		3%	
Enviro Prop			43,193		89,245,685
Total General Liability	1,063,871	486,013	577,858		
Auto Liability	6,200	2,601	3,599	4,077	752,963
Auto Phys Damage	10,229	7,216	3,013	21,402	752,963
Malpractice	4,545,065	3,340,575	1,204,490	3,834,093	666
Property	168,974	113,563	55,411	41,132	23,968,851
<b>TOTAL CHARGES</b>	<b>7,218,071</b>				

### Charge Methodology

	<b>ISF Basis Claims 80%</b>	<b>ISF Basis Exposure 20%</b>
Workers' Comp Chrgs	3 yr claims history	actual salaries adj for exposure
Unemployment Chrgs	3 yr claims history	annual budgeted salaries
General Liability	5 yr gl & env claims history; env c&m	annual bdtg salaries & env prop
Auto Liability	5 yr claims history	actual miles driven in year
Auto Phys Damage	3 yr claims history	actual miles driven in year
Malpractice	5 yr claims history	# of residents, dentists, nurses
Property	3 yr claims history	value of machinery and equipment

## EMPLOYEE HEALTH FEE SCHEDULE

<b>Employee Health Service</b>	<b>Current Fee 7/1/04</b>
Abuse Screer	\$130.00
Admin fee (charged with an immunization)	\$15.00
Admin fee for each additional immunization	\$10.00
Annual Hepa Mask Screening	\$130.50
Essential Functions Evaluatior	\$80.50
Ethanol screen	\$109.50
Exposure Disease Established Patient Minimal	\$80.50
Exposure Disease New Patient Minimal	\$130.50
Hepatic Panel	\$151.00
Hepatitis B Antibody	\$47.50
Hepatitis B Vaccine	\$118.50
Hepatitis C Antibody	\$73.50
HIV	\$55.50
Industrial Case Established Patient Minimal	\$80.50
Industrial Case New Patient Minimal	\$130.50
Mask Info/ training/ tes	\$130.50
MMR	\$69.50
PA and Lateral Chest x-ray	\$172.70
Personal Illness Established Patient Minima	\$80.50
Personal Illness New Patient Minimal	\$130.50
QuantiFeron blood draw (QTB)	\$60.00
Renal Panel	\$81.00
Rubella Titer	\$54.00
Rubeola Titer	\$77.50
Specimen Handling	\$18.50
TB Reactor Evaluation	\$130.50
TB Skin Test	\$13.50
Tetanus / diphtheria Vaccine	\$35.00
UDS	\$67.50
Varicella Titer	\$92.00
Varicella Vaccine (Varivax Vaccine)	\$79.92
Venipuncture	\$20.00

## **EXHIBIT IGA-31**

### **REPRESENTATIONS AND WARRANTIES DISCLOSURES**

## EXHIBIT IGA-32

### ALTERNATIVE DISPUTE RESOLUTION PROCESS

- A. The dispute resolution process (“**ADR Process**”) and remedies set forth herein shall apply to all disputes between the parties that cannot be resolved pursuant to Section 12.1 of the Agreement.
- B. If an event of default is not cured within the Cure Period, as defined in Section 12.6 of the Agreement, the non-defaulting party may institute the ADR Process, pursuant to this Exhibit IGA-32.
- C. Any controversy or claim subject to the ADR Process shall be settled by an arbitration process agreed to by the parties. In the event the parties are unable to agree upon such process within ten (10) days following the expiration of the thirty (30) day moratorium on arbitration required pursuant to Section 12.1 of the Agreement, the arbitration shall be administered by the American Arbitration Association (“**AAA**”) in accordance with its Commercial Arbitration Rules (“**Rules**”) (except that the terms of this Agreement and this Exhibit shall control over conflicting rules), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.
- D. The dispute shall be heard by a single arbitrator from a panel of qualified arbitrators located within Maricopa County. If the parties are unable to select an arbitrator within ten (10) days following the expiration of the thirty (30) day moratorium on arbitration requirement pursuant to Section 12.1 of the Agreement, either the District or the County may request the presiding judge of the Maricopa County Superior Court to appoint the arbitrator.
- E. The place of arbitration shall be Phoenix, Arizona.
- F. The parties agree that the remedies available for the award by the arbitrator shall be limited to specific performance and declaratory relief and that under no circumstances shall the arbitrator issue an award of monetary damages, whether characterized as actual, consequential or otherwise.
- G. The parties have structured this Process with the goal of providing for the prompt and efficient resolution of all disputes falling within the purview of this Process. The hearing of any dispute shall be expedited and will commence as soon as practicable, but no later than forty-five (45) days after selection of the arbitrator. This deadline can be extended only with the consent of both parties to the dispute, or by decision of the arbitrator upon a showing of emergency circumstances.
- H. The arbitrator shall determine the nature and scope of discovery, if any, and the manner of presentation of relevant evidence consistent with the deadlines provided herein, and the parties’ objective that the disputes be resolved in a prompt and efficient manner. No discovery may be had of privileged materials or information. The arbitrator, upon proper application, shall issue such orders as may be necessary and permissible under law to



protect confidential, proprietary, or sensitive materials or information from public disclosure or other misuse.

- I. In order to effectuate the parties' goals, the hearing, once commenced, will proceed from business day to business day until concluded, absent a showing of good cause.
- J. The arbitrator shall, within thirty (30) days from the conclusion of the hearing, issue the award.
- K. The arbitrator may determine how the costs and expenses of the arbitration shall be allocated between the parties, and may award reasonable attorneys' fees and experts' costs to either party.
- L. The award of the arbitrator shall be accompanied by a reasoned opinion.
- M. The award of the arbitrator shall be final and binding. Except as otherwise provided in this Agreement, this Exhibit and the Commercial Arbitration Rules of the AAA, the ADR Process shall be subject to the provisions of the Arizona Arbitration Act (A.R.S. §§ 12-1501-1518). In the event a party seeks confirmation of an award, or if there is a failure to abide by any award, either party may seek any remedy at law or equity for failure to comply with the award, but in no event shall the award be reviewed *de novo* or consequential monetary damages be ordered by the court.

**EXHIBIT IGA -33**

**ALLOCATION OF TRANSACTION -RELATED  
COSTS, EXPENSES AND FEES**

	<b><u>COUNTY</u></b>	<b><u>DISTRICT</u></b>
Phase I and Phase II Environmental Site Assessment	50%	50%
Appraisals	100%	
Title Reports	50%	50%
Accounting	50%	50%
Consulting	50%	50%
Surveys		100%
Election		100%
Legal	50%	50%